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FORM 10-K

ESCALADE INC - ESCA

Filed: March 10, 2005 (period: December 25, 2004)

Annual report with a comprehensive overview of the company

UNITED STATE
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the Fiscal Year Ended December 25, 2004

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-6966

ESCALADE, INCORPORATED

(Exact name of registrant as specified in its charter)

----- Indiana ----- (State of incorporation)	----- 13-2739290 ----- (IRS EIN)
---	---

251 Wedcor Ave, Wabash, Indiana 46992

(Address of principal executive office)

(260) 569-7233

(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act

NONE

Securities registered pursuant to Section 12(g) of the Act

Common Stock, No Par Value

(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12 b-2 of the Act). Yes No

Aggregate market value of voting stock held by nonaffiliates of the registrant as of July 10, 2004: \$142,654,286

The number of shares of Registrant's common stock (no par value) outstanding as of February 18, 2005: 13,067,756

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the registrant's Proxy Statement relating to its annual meeting of stockholders scheduled to be held on April 30, 2005 are incorporated by reference into Part III of this Report.

ESCALADE, INCORPORATED AND SUBSIDIARIES

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Part I

ITEM 1--BUSINESS

General

Escalade, Incorporated ("Escalade" or "Company") operates in two business segments: sporting goods and office products. Escalade and its predecessors have more than 75 years of manufacturing and selling experience in these two industries.

The following table presents the percentages contributed to Escalade's net sales by each of its business segments:

	2004	2003	2002
	-----	-----	-----
Sporting goods	64%	63%	82%
Office/graphic arts	36	37	18
	-----	-----	-----
Total net sales	100%	100%	100%
	=====	=====	=====

For additional segment information, see Note 13 - Operating Segment and Geographic Information in the consolidated financial statements.

Sporting Goods

Headquartered in Evansville, Indiana, Escalade Sports manufactures and distributes widely recognized brands in family game room and outdoor sporting goods products through traditional department stores, mass merchandise retailers, and sporting goods specific retailers. Escalade is the world's largest producer of table tennis tables, the world's largest unit producer of pool tables, and the largest game table importer in the United States. Some of the Company's most recognized brands include:

Product Segment	Brand Names
-----	-----
Table Tennis	Ping-Pong(R), STIGA(R)
Pool Tables and accessories	Mizerak(TM), Murrey(R), Mosconi(TM), Black Widow(TM)
Basketball Backboards and Goals	Goalrilla(TM), Goaliath(R), Silverback(TM)
Game Tables (Air Hockey and Soccer)	Harvard Game(R), Rhino(TM), Murrey Game(TM)
Archery	Fred Bear(R), Indian Archery(R), Jennings(R)
Fitness	The STEP(R), USWeight(TM)

The largest sporting goods customer is Sears Roebuck & Co. ("SEARS"), which accounted for 42%, 38% and 47% of total sporting goods revenues in 2004, 2003 and 2002, respectively. On a consolidated basis, SEARS accounted for 27%, 24% and 38% of Escalade revenues in 2004, 2003 and 2002, respectively. During 2004 only one other customer accounted for 10% of sporting goods revenues, but was less than 10% of consolidated revenues. There were no other customers that accounted for 10% or more of total sporting goods revenues in 2003 or 2002. Escalade Sports has been a preferred supplier of sporting goods products to SEARS for more than 30 years, winning numerous awards for delivering outstanding products and service. Although the Company does not have long-term supplier contracts with SEARS, the strong relationship with SEARS supports the Company's belief that SEARS will continue to be a significant customer far into the future.

Escalade Sports manufactures in the U.S.A. and Mexico; and imports product from China, where the Company employs a number of contract manufacturers.

Certain products produced by Escalade Sports are subject to regulation by the Consumer Product Safety Commission. The Company believes it is in full compliance with all applicable regulations.

Office Products

Operating under the Martin Yale name, the office product business gained a worldwide presence with the 2003 acquisition of a manufacturer and distributor of data shredding equipment headquartered in Germany. In addition to data shredding equipment and accessories, Martin Yale products include: paper trimmers, folding machines, paper drills, collators, bursting machines, letter openers, and office related products such as keyboard drawers and hole punches. Martin Yale brands include Martin Yale(TM), Premier(R), Master(TM), Mead Hatcher(TM), Intimus(R), Paper Monster(R), and VacuShred(TM).

Martin Yale manufactures product in the United States, Mexico, Germany and China. In addition to the sales offices located at manufacturing plants, Martin

Yale also has offices in the United Kingdom and France. Products are sold throughout the world to office products retailers, wholesalers and catalog distributors. No single customer accounted for more than 10% of sales during 2004.

Marketing and Product Development

In both the sporting goods and office product business segments, Escalade has rigorously developed strategic plans to enhance and promote product branding. The Company constantly evaluates the quality-to-price paradigm of its customers, and then designs and redesigns its products to achieve the best fit. Marketing efforts are then initiated through its retail partners in the form of advertising and other promotion allowances. In general, the Company does not directly advertise to end-users.

In order to meet customer needs, each operating segment conducts its own independent research and development efforts to design new products and enhance already existing products. On a consolidated basis, the Company incurred research and development costs of approximately \$2.3 million, \$2.9 million and \$1.5 million in 2004, 2003 and 2002, respectively.

Competition

Escalade is subject to competition with various manufacturers in each product line produced or sold by Escalade. The Company is not aware of any other single company that is engaged in both the same industries as Escalade or that produces the same range of products as Escalade within such industries. Nonetheless, competition exists for many Escalade products within both the sporting goods and office product industries and some competitors are larger and have substantially greater resources than the Company. Escalade believes that its long-term success depends on its ability to strengthen its relationship with existing customers, attract new customers and develop new products that satisfy the quality and price requirements of sporting goods and office product customers.

Licenses, Trademarks and Brand Names

Escalade Sports has an agreement and contract with Sweden Table Tennis AB for the exclusive right and license to distribute and produce table tennis equipment under the brand name STIGA(R) for the United States and Canada. Escalade Sports has a non-exclusive, non-transferable license to use the trademark PSE(R); only and specifically for the purpose of applying to juvenile archery equipment and approved archery accessories.

Escalade is the owner of several registered trademarks and brand names. In the sporting goods segment, the Company holds the Ping-Pong(R), Harvard(R), Accudart(R), Indian Archery(R) and Goaliath(R), registered trademarks and utilizes the Goalrilla(TM), Silverback(TM), Rhino Play(TM), U. S. Weight(TM), The Step(R), Murrey(R), Mosconi(R), and Miserak(R) brand names. In the office/graphic arts segment, the Company owns the Premier(R) and Intimus(R) registered trademark and utilizes the Martin Yale(TM), Master Products(TM), Mead Hatcher(TM), Taros(TM), Paper Monster(TM) and VacuShred(TM) brand names.

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Backlog and Seasonality

Sales are primarily pursuant to standard purchase orders. In most cases orders are shipped within the same month received. Unshipped orders at the end of the fiscal year (backlog), were not material, and therefore not an indicator of future results. Consumer demand for sporting goods is extremely seasonal and driven by Christmas season demand. Over the past three years approximately 72% of sporting goods sales have come in the second half of the year. The Company expects sporting goods sales to continue to be seasonal in the future. Demand for Office Products has not been seasonal and is not expected to be so in the future.

Employees

The number of employees at December 25, 2004 and December 27, 2003 for each business segment were as follows:

2004	2003
-----	-----

Sporting Goods			
USA	341	404	
Mexico	160	192	
	-----	-----	
	501	596	
Office/Graphic Arts			
USA	121	137	
Mexico	96	95	
Europe	171	202	
	-----	-----	
	388	434	
	-----	-----	
Total	889	1,030	
	=====	=====	

The International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers AFL-CIO represent hourly rated employees at the Escalade Sports' Evansville, Indiana factory; approximately 157 employees at December 25, 2004. The current 3-year contract expires in April 2006.

Escalade believes that its employee relations are satisfactory.

Sources of Supplies

Raw materials for Escalade's various product lines consist of wood, steel, plastics, fiberglass and packaging. Escalade relies upon suppliers in Europe and Brazil for its requirement of billiard balls and slate utilized in the production of home billiard tables and upon various Asian manufacturers for certain of its game tables.

The Company believes that these sources will continue to provide adequate supplies as needed. All other materials needed for the Company's various operations are available in adequate quantities from a variety of domestic and foreign sources.

SEC Reports

Our Internet site (www.escaladeinc.com) makes available to interested parties our annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and all amendments to those reports, as well as all other reports and schedules we file electronically with the Securities and Exchange Commission (the "Commission"), as soon as reasonably practicable after such material is electronically filed with or furnished to the Commission. Interested parties may also find reports, proxy and information statements and other information on issuers that file electronically with the Commission at the Commission's Internet site (<http://www.sec.gov>).

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TEM 2--PROPERTIES

At December 25, 2004, the Company operated from the following locations:

Location	Square Footage	Owned or Leased	Use
-----	-----	-----	---
Sporting Goods			

Evansville, Indiana, USA	346,000	Owned	Manufacturing and distribution; sales and marketing; administration
Evansville, Indiana, USA	82,000	Leased	Warehousing
Olney, Illinois, USA	100,000	Leased	Manufacturing and distribution
Gainesville, Florida, USA	155,000	Owned	Manufacturing and distribution
National City, California, USA	51,000	Leased	Warehousing and distribution
Tijuana, Mexico	83,000	Owned	Manufacturing and distribution
Tijuana, Mexico	83,000	Leased	Manufacturing
Ensenada, Mexico	33,000	Leased	Manufacturing

Office Products

Wabash, Indiana, USA	141,000	Owned	Manufacturing and distribution; sales and marketing; administration
Sanford, N. Carolina, USA	4,128	Leased	Sales and marketing
Tijuana, Mexico	84,000	Leased	Manufacturing and distribution
Markdorf, Germany	70,000	Owned	Manufacturing and distribution; sales and marketing; administration
Paris, France	13,000	Leased	Distribution; sales and marketing
Crawley, UK	17,000	Leased	Sales and marketing

The Company has no idle facilities, and believes that its facilities are in excellent condition and suitable for their respective operations. The Company also believes that it is in compliance with all applicable environmental regulations and is not subject to any proceeding by any federal, state or local authorities regarding such matters. The Company provides regular maintenance and service on its plants and machinery as required.

In 2004 the Company commenced a facility consolidation effort in the Office Product business that will consolidate the Tijuana, Mexico facility into the Wabash, Indiana facility.

ITEM 3--LEGAL PROCEEDINGS

The Company is involved in litigation arising in the normal course of its business. The Company does not believe that the disposition or ultimate resolution of such claims or lawsuits will have a material adverse affect on the business or financial condition of the Company.

ITEM 4--SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

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Part II

ITEM 5--MARKET FOR THE REGISTRANT'S COMMON EQUITY AND
RELATED STOCKHOLDER MATTERS

The Company's common stock is traded under the symbol "ESCA" on the Nasdaq National Market. The following table sets forth, for the calendar periods indicated, the high and low sales prices of the Common Stock as reported by the Nasdaq National Market:

Prices -----	High -----	Low -----
2004		
Fourth quarter ended December 25, 2004	\$16.96	\$11.80
Third quarter ended October 2, 2004	17.67	10.47
Second quarter ended July 10, 2004	23.64	15.43
First quarter ended March 20, 2004	20.58	14.25
2003		
Fourth quarter ended December 27, 2003	\$14.84	\$10.62
Third quarter ended October 4, 2003	12.35	7.88
Second quarter ended July 12, 2003	9.52	6.08
First quarter ended March 22, 2003	10.00	6.06

The closing market price on February 18, 2005 was \$13.40 per share.

On February 22, 2005, The Company announced the payment of an annual dividend of \$0.15 per share to all shareholders of record on March 11, 2005, payable on March 18, 2005.

On April 18, 2004, The Board of Directors declared a 2 for 1 stock split payable to stockholders of record on May 11, 2004, which was distributed on May 25, 2004. All per share amounts have been adjusted to reflect the 2 for 1 stock split.

On February 18, 2004, The Company announced the payment of an annual dividend of \$0.12 per share to all shareholders of record on March 5, 2004, payable on March 12, 2004.

Depending on profitability and cash flows from operations, the Board of Directors anticipates that comparable cash dividends will be issued annually.

There were approximately 253 holders of record of the Company's Common Stock at February 18, 2005. The approximate number of stockholders, including those held by depository companies for certain beneficial owners, was 1,127.

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ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Under the Plans or Programs
Shares purchases prior to 10/03/2004 under the current repurchase program	286,610	\$ 7.55	286,610	\$ 835,808
Fourth quarter purchases:				
10/03/2004 - 10/30/2004	None	None	None	None
10/31/2004 - 11/27/2004	None	None	None	None
11/28/2004 - 12/25/2004	None	None	None	None
Total share purchases under the current program	286,610	\$ 7.55	286,610	\$ 3,000,000

The Company has one stock repurchase program which was established in February 2003 by the Board of Directors and which authorized management to expend up to \$3,000,000 to repurchase shares on the open market as well as in private negotiated transactions. The repurchase plan has no termination date. There have been no share repurchases that were not part of a publicly announced program. In February 2005, the Board of Directors increased the remaining amount on this plan to its original level of \$3,000,000.

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ITEM 6--SELECTED FINANCIAL DATA

(In thousands, except per share data)

At and For Years Ended	December 25, 2004	December 27, 2003	December 28, 2002	December 29, 2001	December 30, 2000
Income Statement Data					
Net sales					
Sporting goods	\$ 141,644	\$ 134,750	\$ 122,628	\$ 118,867	\$ 79,948
Office and graphic arts products	79,065	81,518	27,596	29,986	36,133
Total net sales	220,709	216,268	150,224	148,853	116,081
Net income	7,827	14,850	11,138	11,139	8,100
Weighted-average shares	12,980	12,968	12,972	12,894	14,166
Per Share Data					
Basic earnings per share	\$ 0.60	\$ 1.15	\$ 0.86	\$ 0.86	\$ 0.57
Cash dividends	\$ 0.12	0	0	0	0
Balance Sheet Data					
Working capital	35,796	24,657	27,041	13,574	12,485
Total assets	135,099	134,437	96,788	76,111	69,476
Short-term bank debt	11,638	21,568	11,223	9,770	13,267
Long-term bank debt	15,542	15,020	16,700	6,800	12,700
Total stockholders' equity	69,978	61,283	45,875	34,396	23,960

Fiscal year 2004 was impacted by several events that are more fully described in Management's discussion and analysis of financial condition and results of operations.

ITEM 7--MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

The following section should be read in conjunction with Item 1: Business; Item 6: Selected Financial Data; and Item 8: Financial Statements and Supplementary Data.

Forward-Looking Statements

This report contains forward-looking statements relating to present or future trends or factors that are subject to risks and uncertainties. These risks include, but are not limited to, the impact of competitive products and pricing, product demand and market acceptance, new product development, the continuation and development of key customer and supplier relationships, Escalade's ability to control costs, general economic conditions, fluctuation in operating results, changes in the securities market and other risks detailed from time to time in Escalade's filings with the Securities and Exchange Commission. Escalade's future financial performance could differ materially from the expectations of management contained herein. Escalade undertakes no obligation to release revisions to these forward-looking statements after the date of this report.

Overview

Escalade, Incorporated ("Escalade" or "Company") manufactures and distributes products for two industries: Sporting Goods and Office Products. Within these industries the Company has successfully built a commanding market presence in niche markets. This strategy is heavily dependent on brand recognition and excellent customer service. The Company's strategic advantage is established relationships with major retailers. This allows the Company to bring new products to the market in a very cost effective manner. In addition to strategic customer relations, the Company has over 75 years of manufacturing and sourcing experience that enable it to be a low cost supplier.

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Because the Company already has a strong market position in many of its product lines and the growth rates of these markets is low, significant internal growth is not anticipated. To enable growth the Company has developed a strategy of growth through strategic acquisition. Under this scenario the Company acquires product lines with strong brand recognition and then takes them to market through its established distribution channels building on the Company's market leader position. Significant synergies are achieved through assimilation into the existing company structure. Management believes that key indicators in measuring the success of this strategy are revenue growth and earnings growth. The following table sets forth the percentage growth in revenues and net income over the prior years:

	2004 -----	2003 -----	2002 -----
Net revenue			
Sporting Goods	5.1%	9.9%	3.2%
Office Products	-3.0%	195.4%	-8.0%
Total	2.1%	44.0%	0.9%
Net Income	-47.3%	33.3%	0.0%

Results of Operations

The following schedule sets forth certain consolidated statement of income data as a percentage of net revenue for the periods indicated:

2004	2003	2002
------	------	------

	-----	-----	-----
Net revenue	100.0%	100.0%	100.0%
Cost of products sold	71.8%	71.4%	74.0%
	-----	-----	-----
Gross margin	28.2%	28.6%	26.0%
Selling, administrative and general expenses	19.5%	18.9%	14.0%
Restructuring costs	1.0%	0.0%	0.0%
Goodwill impairment loss	0.6%	0.0%	0.0%
	-----	-----	-----
Operating income	7.1%	9.7%	12.0%
	=====	=====	=====

Consolidated Revenue and Gross Margin

In 2004 the Company concentrated on assimilating the two sizable acquisitions completed in 2003; an archery equipment business in Sporting Goods and a shredder manufacturer in the Office Products business. While focused on this assimilation the Company did not actively pursue acquisitions in either business segment. Anticipated internal growth of 5.1% in the Sporting Goods business was offset by a decline of 3.0% in the Office Product business resulting in 2.1% growth in consolidated revenues over 2003. Customer allowances recorded as a reduction in revenues increased from 4.5% of gross sales in 2003 to 5.4% in 2004. Substantially all of this increase occurred in the Office Product business where program costs are required to gain placement in major retailers and office supply catalogs. Management does not anticipate program costs to continue growing as a percentage of sales, but to remain at the current levels for the foreseeable future. Excluding the effects of acquisitions, management expects

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the internal growth rate in Sporting Goods to be moderate. Management anticipates zero revenue growth in the Office Products business as low margin third party products are rationalized out of the product mix.

The consolidated gross margin ratio for 2004 was marginally lower than the rate in 2003, primarily due to large inventory write-downs recorded in the fourth quarter. These write-downs, which occurred in the Office Product business, totaled \$2.2 million before taxes and relate to non-core products not manufactured by the Company which have declining market demand. Excluding the impact of these write-downs the consolidated gross margin ratio would have reflected a modest improvement compared to 2003. The gross margin ratio in Sporting Goods improved over 2003 as a direct result of changing product mix and cost improvements in manufacturing overhead. The Office Products gross margin ratio declined in comparison to 2003 as a direct result of the inventory write-downs previously mentioned. Excluding those write-downs, the 2004 gross margin ratio in Office Products was comparable to 2003. The Company anticipates higher material costs (primarily steel and resin costs) in 2005 in both Sporting Goods and Office Products. This could negatively impact gross margins if the Company is unsuccessful in raising prices to its customers or engineering costs out of the products. The magnitude of this negative effect can not be determined at this time.

Revenues for 2003 were 44% higher than 2002 as a result of two significant acquisitions; an archery equipment product line in the Sporting Goods business which added roughly \$10 million in revenues and a shredder manufacturer in the Office Products business which added approximately \$54 million in net revenues. The amount of Customer allowances charged against revenues in 2003 remained relatively unchanged from the amount recorded in 2002.

The overall gross margin ratio in 2003 was marginally better than the 2002 gross margin ratio due to the addition of the archery product line in Sporting Goods which has a higher gross margin rate than other Sporting Goods product lines and the addition of the shredder business in Office Products which has a higher gross margin ratio than Sporting Goods. The gross margin ratio in Sporting Goods increased marginally while the gross margin ratio in Office Products dropped because the shredder business does not have a comparable gross margin ratio to the existing Office Product lines.

Consolidated Selling, General and Administrative Expenses

The overall ratio of selling, general and administrative expenses as a percentage of net revenues increased in 2004 compared to 2003 as a result of higher corporate costs relating to regulatory compliance (Sarbanes-Oxley Rule 404) and intellectual property defense. The ratio in Sporting Goods increased slightly as a result of a program to upgrade product display stands in most of its major retailers. The ratio in Office Products decreased as a direct result of cost reduction efforts initiated during the year. Management anticipates that the overall ratio will improve slightly in the future as the full extent of cost reduction efforts in the Office Products business is realized.

In 2003, the ratio of selling, general and administrative expense to net revenues increased in comparison to 2002 as a direct result of the acquisition of the shredder business in Office Products. The Company acquired had significantly higher selling and administrative costs. The ratio in Sporting Goods was relatively unchanged from the prior year.

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Sporting Goods

The revenue and net income for the Sporting Goods business segment for the three years ended December 25, 2004 were as follows:

In Thousands	2004	2003	2002
-----	-----	-----	-----
Net revenues	\$ 141,644	\$ 134,750	\$ 122,628
Operating income	17,926	16,507	15,002
Net income	10,747	9,720	8,400

The revenue increase of 5.1% in 2004 is related to the full year inclusion of the archery business acquired in June 2003 and increased basketball product sales in a large sporting goods retailer. Higher sales in arcade, billiards and table tennis sales were offset by lower sales in fitness, table hockey and soccer table sales. Sales to the Company's largest customer, Sears Roebuck & Co. (SEARS) were up in 2004 compared to the prior year resulting in SEARS accounting for 27% of net revenues in 2004 compared to 24% in 2003. Consolidation in the sporting goods retail sector combined with higher basketball product sales resulted in one sporting goods specialty retailer accounting for 10% of Sporting Goods sales in 2004. Consolidation in the retail marketplace creates opportunities for increased placement and challenges on product pricing. The Company continues to have a very strong relationship with SEARS; winning a coveted vendor excellence award for the seventh straight year. The Company believes that the recently announced merger of SEARS and K-Mart may benefit the Company by resulting in wider placement of the Company's products in K-Mart stores which have not been a significant customer in the past. However, as the merger is still in its early stages, it is premature to definitively make this determination. Year-end inventories at major customers appear to be in line with historical balances. Consequently the Company expects revenue growth in 2005 to be roughly equal to the gains experienced in 2004, before the effects of any acquisitions.

As a percentage of net revenue, both operating income and net income increased in 2004 compared to 2003; primarily due to improved gross margin ratios.

Revenues in 2003 were 9.9% higher than 2002; primarily as a result of the archery acquisition in June 2003 which accounted for approximately \$10 million of the revenue increase. Excluding the effect of the archery acquisition net revenues grew 1.6% over 2002. Both operating income and net income in 2003 reflect modest growth as a percentage of net revenues in comparison to 2002; primarily due to the increased margins associated with the archery business.

Office Products

The revenue and net income for the Office Products business segment for the three years ended December 25, 2004 were as follows:

In Thousands	2004	2003	2002
-----	-----	-----	-----
Revenues	\$ 79,065	\$ 81,518	\$ 27,596
Operating income	573	5,506	4,476
Net income	(1,634)	4,223	3,029

Net revenues decreased in 2004 compared to 2003 as a result of weak sales in the security shredder market; a declining market for the third party products

acquired with the data shredder acquisition in 2003; and higher customer program costs that are charged against revenues as incurred. New government security standards were introduced late in 2002 resulting in a spike in security sales in 2003. The 2004 sales level is viewed as a normal sales rate for the security

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shredder product. Traditional office products sold under the Martin Yale(TM) and Premier(TM) brands were higher in 2004 compared to 2003 reflecting better placement. Sales of Master Product(TM) brands manufactured in Mexico continued to experience lower sales volume as a result of stiff competition from Asian imports. The Company expects that the facility consolidation initiated in the third quarter will eventually stem this sales decline in the Master Product(TM) brands by making them more competitive. Management expects that pricing increases initiated in 2004 will offset sales declines due to product rationalization on third party products resulting in little or no sales growth in 2005.

Net operating income declined dramatically from the prior year due to restructuring costs of \$2.4 million; a goodwill impairment loss of \$1.3 million; and other unusual charges in the fourth quarter totaling \$4.2 million. Management believes that the restructuring charges incident to the European operations and the manufacturing operations related to the Master Product(TM) brands were necessary to make the Company more competitive. The goodwill impairment loss represents an adjustment to goodwill directly associated with the Master Product(TM) brand. The unusual write-downs in the fourth quarter consisted of \$2.2 million in inventory write-downs related to third party products where market demand has deteriorated; \$0.6 million in estimated settlement and legal costs; and \$1.4 million in adjustments to assets related to joint ventures in China and Brazil. Management believes that Office Products is now poised to deliver profits in 2005.

As a direct result of the data shredder acquisition, revenues in 2003 increased 195% over 2002. Revenues from data shredder sales were approximately \$54 million in 2003. Excluding data shredder sales, Office Product revenues were relatively unchanged from the prior year, indicating a halt to the declining sales trend experienced in previous years; an improved U.S. economy and access to European markets as a result of the data shredder acquisition, appear to be the primary factors for this change.

Net income in 2003 increased 39% over 2002; primarily due to a one-time gain of approximately \$1.4 million related to the forgiveness of European bank debt assumed in the data shredder acquisition and subsequently forgiven by the bank in negotiations independent of the acquisition. This gain was recorded in other income on the consolidated income statement. Excluding this gain, the Office Products business segment would have reported lower net income compared to 2002 because the data shredder business was not profitable in 2003.

Financial Condition and Liquidity

The Company continues to have a very strong balance sheet. The current ratio, a basic measure of liquidity (current assets divided by current liabilities), increased in 2004 to 1.8 as of December 25, 2004; higher than the ratio of 1.4 at December 27, 2003 and comparable to 1.8 at December 28, 2002. Despite slightly higher revenue levels, inventory and accounts receivable balances remained relatively unchanged from the prior year. Short-term bank debt was reduced \$9.9 million in 2004 while long-term bank debt was relatively unchanged. This decline in bank debt reflects the Company's strong cash flow and the lack of any significant acquisitions during 2004. As a percentage of stockholders' equity, long-term bank debt has decreased from 25% at December 27, 2003 to 22% at December 25, 2004.

Cash provided by net income adjusted for non-cash related items amounted to \$15 million in 2004; down from the \$27 million generated in 2003, but up from the \$4 million generated in 2002. The decrease in 2004 reflects lower net income than 2003 and no significant changes in inventory or accounts receivable. The large increase in 2003 over 2002 reflected lower inventory and accounts receivable

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balances in 2003 than in 2002; due to the absence of shipping delays experienced in the 2002 Christmas Season as a result of the West Coast Longshoreman Lockout.

The absence of any significant acquisitions in 2004 resulted in significantly less cash being used for investing activities in 2004 compared to 2003 and 2002.

The Company's working capital requirements are primarily funded from cash flows from operations and revolving credit agreements with its bank. During 2004 the Company's maximum borrowings under its primary revolving credit lines aggregated \$43 million and the Company met all its debt covenants. A favorable interest rate climate and the Company's strong financial condition resulted in lower borrowing costs on the Company's primary bank debt; the average effective interest rate in 2004 was 3.4%, comparable to 3.3% in 2003. The Company's relationship with its primary lending bank remains strong and the Company expects to have access to the same level of revolving credit that was available in 2004. In addition, the Company believes it can quickly reach agreement with its current lending bank or an alternate lending source to increase available credit should the need arise.

On February 22, 2005, The Company announced the payment of an annual dividend of \$0.15 per share to all shareholders of record on March 11, 2005, payable on March 18, 2005.

New Accounting Pronouncements

The following new accounting pronouncements have not yet been adopted by the Company. A more detailed description may be found in the Notes to the Consolidated Financial Statements.

In December, 2004, the Financial Accounting Standards Board (FASB) issued an amendment to SFAS 123 Accounting for Stock-Based Compensation (SFAS 123R) which eliminates the ability to account for share-based compensation transactions using Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and generally requires that such transactions be accounted for using a fair value-based method. SFAS 123R will be effective for the Company beginning with the third quarter of 2005. SFAS123R applies to all awards granted after the required effective date and to awards modified, repurchased, or cancelled after that date as well as for the unvested portion of awards existing as of the effective date. The cumulative effect of initially applying this Statement, if any, is recognized as of the required effective date. As of the required effective date, the Company will apply SFAS 123R using a modified version of prospective application. Under that transition method, compensation cost is recognized on or after the required effective date for the portion of outstanding awards, for which the requisite service has not yet been rendered, based on the grant-date fair value of those awards calculated under SFAS 123 for either recognition or pro forma disclosures. For periods before the required effective date, a company may elect to apply a modified version of retrospective application under which financial statements for prior periods are adjusted on a basis consistent with the pro forma disclosures required for those periods by SFAS 123. We are currently evaluating the effect of the recognition and measurement provisions of SFAS 123R but we currently believe the adoption of SFAS 123R will not result in a material impact on the Company's results of operations or financial condition.

Off Balance Sheet Financing Arrangements

The Company has no financing arrangements that are not recorded on the Company's balance sheet.

Contractual Obligations

The following schedule summarizes the Company's contractual obligations as of December 25, 2004:

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Long-term debt	\$ 16,250	\$ 354	\$ 6,196	\$ 7,000	\$ 2,700
Future interest payments (1)	1,679	528	839	243	69
Future interest payments under the Interest rate swap agreement (2)	400	117	234	49	--
Operating Leases	3,289	1,136	1,242	653	258
Minimum payments under royalty agreements	1,500	350	700	350	100
Total	\$ 23,118	\$ 2,485	\$ 9,211	\$ 8,295	\$ 3,127

Notes:

- (1) Assumes that the Company will not increase borrowings under its long-term credit agreements and that the effective interest rate experienced in 2004 (3.4%) will continue for the life of the agreements.
- (2) Assumes that the LIBOR rate (2.41%) at December 25, 2004 will remain unchanged for the term of the swap agreement.

Critical Accounting Estimates

The methods, estimates and judgments used in applying the Company's accounting policies have a significant impact on the results reported in its financial statements. Some of these accounting policies require difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. The most critical accounting estimates are described below and in the Notes to the Consolidated Financial Statements.

Product Warranty

The Company provides limited warranties on certain of its products, for varying periods. Generally, the warranty periods range from 90 days to one year. However, some products carry extended warranties of seven-year, ten-year, and lifetime warranties. The Company records an accrued liability and expense for estimated future warranty claims based upon historical experience and management's estimate of the level of future claims. Changes in the estimated amounts recognized in prior years are recorded as an adjustment to the accrued liability and expensed in the current year. To the extent there are product defects in current products that are unknown to management and do not fall within historical defect rates, the product warranty reserve could be understated and the Company could be required to accrue additional product warranty costs thus negatively affecting gross margin.

Inventory Valuation Reserves

The Company evaluates inventory for obsolescence and excess quantities based on demand forecasts based on specified time frames; usually one year. The demand forecast is based on historical usage, sales forecasts and current as well as anticipated market conditions. All amounts in excess of the demand forecast are

deemed to be excess or obsolete and a reserve is established based on the anticipated net realizable value. To the extent that demand forecasts are greater than actual demand and the Company fails to reduce manufacturing output accordingly, the Company could be required to record additional inventory reserves which would have a negative impact on gross margin.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due between 30 and 60 days after the issuance of the invoice. Accounts are considered delinquent when more than 90 days past due. Delinquent receivables are reserved or written off based on individual credit evaluation and specific circumstances of the customer. To the extent that actual bad debt losses exceed the allowance recorded by the Company, additional reserves would be required which would increase selling, general and administrative costs.

CO-OP Advertising

The Company offers co-operative advertising allowances to certain retailers to encourage product promotions. These agreements are typically based on a percentage of retailer purchases up to a maximum allowance and the Company is never directly involved with the media provider. The Company accrues the estimated cost of these programs based on the sales volume of the retailer and historical trends. As costs are accrued they are recorded as a reduction in sales. To the extent that actual co-operative advertising costs exceed the Company's estimates, additional co-operative advertising allowances would be required which would reduce net revenues.

Volume Rebates

The Company has various rebate programs with its retailers that are based on purchase volume. Typically these programs are based on achieving specified sales volumes and the rebate is calculated as a percentage of purchases. Based on the terms of the agreement, purchase levels and historical trends the Company

accrues the estimated cost of these programs and records the same as a reduction in sales. To the extent that actual rebate program costs exceed the Company's estimates, additional rebate program allowances would be required which would reduce net revenues.

Catalog Allowances

A number of large office supply dealers operate through catalogs distributed to businesses throughout the country. Product content is decided by the dealer each time a new catalog is issued; typically once a year. Catalog allowances are required by the dealer as an inducement to include the Company's products. The allowance is based on a fixed cost per page and/or a percentage of purchases by the dealer. The fixed portion of the allowance is often paid when the catalog is distributed and is recognized when incurred and the variable portion is accrued based on dealer purchases and historical trends. Catalog allowances are recorded as a reduction in sales. To the extent that actual catalog costs exceed the estimated costs associated with variable agreement provisions, additional catalog allowances would be required which would negatively impact net revenues.

Effect of Inflation

The Company cannot accurately determine the precise effects of inflation; however, there were some increases in sales and costs due to inflation in 2004. The Company attempts to pass on increased costs and expenses through price increases when necessary. The Company is working on reducing expense levels, improve manufacturing technologies and redesigning products to keep these costs under control.

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Capital Expenditures

As of December 25, 2004, the Company had no material commitments for capital expenditures.

ITEM 7A -- QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to financial market risks, including changes in currency exchange rates, interest rates and marketable equity security prices. To mitigate these risks, the Company utilizes derivative financial instruments, among other strategies. At the present time, the only derivative financial instrument used by the company is an interest rate swap. The Company does not use derivative financial instruments for speculative purposes.

A substantial majority of revenue, expense and capital purchasing activities are transacted in U.S. dollars. However, the Company's foreign subsidiaries enter into transactions in other currencies, primarily the Euro. To protect against reductions in value and the volatility of future cash flows caused by changes in currency exchange rates, the Company carefully considers the use of transaction and balance sheet hedging programs. Such programs reduce, but do not entirely eliminate, the impact of currency exchange rate changes. Presently the Company does not employ currency exchange hedging financial instruments, but has adjusted transaction and cash flows to mitigate adverse currency fluctuations. Historical trends in currency exchanges indicate that it is reasonably possible that adverse changes in exchange rates of 20% for the Euro could be experienced in the near term. Such adverse changes would not have resulted in a material impact on income before taxes for the year ended December 25, 2004.

A substantial portion of the Company's debt is based on U.S. prime and LIBOR interest rates. In an effort to lock-in current low rates and mitigate the risk of unfavorable interest rate fluctuations the Company has entered into an interest rate swap agreement. This agreement effectively converted a portion of its variable rate debt into fixed rate debt.

An adverse movement of equity market prices would have an impact on the Company's long-term marketable equity securities that are included in other assets on the consolidated balance sheet. At December 25, 2004 the aggregate book value of long-term marketable equity securities was \$1.8 million. Due to the unpredictable nature of the equity market the Company has not employed any hedge programs relative to these investments.

ITEM 8 -- FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and supplementary data required by Item 8 are set forth in Part IV, Item 15.

ITEM 9 -- CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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ITEM 9A --CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Escalade maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-14(c). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Also, the Company has investments in certain unconsolidated entities. As the Company does not control or manage these entities, its disclosure controls and procedures with respect to such entities are necessarily substantially more limited than those it maintains with respect to its consolidated subsidiaries.

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Escalade's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Escalade's internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting of the Company includes those policies and procedures that:

- (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions of the Company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's financial statements.

All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error or circumvention through collusion or improper overriding of controls. Therefore, even those internal control systems determined to be effective can provide only reasonable assurance

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with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

The management of Escalade assessed the effectiveness of the Company's internal control over financial reporting as of December 25, 2004. In making its

assessment of internal control over financial reporting, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control - Integrated Framework and implemented a process to monitor and assess both the design and operating effectiveness of the Company's internal controls. Based on this assessment, management believes that, as of December 31, 2004, the Company's internal control over financial reporting was effective.

Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 25, 2004 has been audited by BKD LLP, an independent registered public accounting firm that audited the Company's consolidated financial statements included in this annual report. The attestation report on management's assessment of the Company's internal control over financial reporting prepared by the independent registered public accounting firms are included below in this Item 9A.

/s/ C. W. "BILL" REED,

Chief Executive Officer

/s/ TERRY FRANSEN,

Chief Financial Officer

Changes in Internal Control over Financial Reporting

Management of the Company has evaluated, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, changes in the Company's internal controls over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) during the fourth quarter of 2004. In connection with such evaluation, the Company identified deficiencies in internal controls over financial reporting relating to the Company's subsidiary in France. During the fourth quarter, the Company began remediation efforts to eliminate the deficiencies identified. This will be accomplished by eliminating the accounting department in France and transferring those functions to the Company's German subsidiary. As of the end of the period covered by this report, the Company had not fully completed these actions and remediation efforts are ongoing.

Other than the changes identified above, there have been no changes to the Company's internal control over financial reporting that occurred since the beginning of the Company's fourth quarter of 2004 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Audit Committee,
Board of Directors and Stockholders
Escalade, Incorporated
Wabash, Indiana

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting that Escalade, Incorporated (Company) maintained effective internal control over financial reporting as of December 25, 2004, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit. We did not examine the effectiveness of internal control over financial reporting of Martin Yale International, GmbH, a wholly-owned subsidiary, whose consolidated financial statements reflect total assets and net sales of \$33,547 and \$41,864 (dollars in thousands), respectively, included in the related consolidated financial statement amounts as of and for the year ended December 25, 2004. The effectiveness of this subsidiary's internal control over financial reporting was audited by other accountants whose report has been furnished to us, and our opinion, insofar as it relates to the effectiveness of the subsidiary's internal control over financial reporting, is based solely on the report of the other accountants.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan

and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control and performing such other procedures as we consider necessary in the circumstances. We believe that our audit and the report of the other accountants provide a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, based on our audit and the report of other accountants, management's assessment that Escalade, Incorporated maintained effective internal control over financial reporting as of December 25, 2004, is fairly stated, in all material respects, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, based on our audit and the report of other accountants, Escalade, Incorporated maintained, in all material respects, effective internal control over financial reporting as of December 25, 2004, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of Escalade, Incorporated, and our report dated February 18, 2005, expressed an unqualified opinion thereon.

/s/ BKD, LLP

Evansville, Indiana
February 18, 2005

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Martin Yale International GmbH,
Markdorf/Germany

We have audited management's assessment, included in the accompanying "Management's Report on Internal Control over Financial Reporting", that Martin Yale International GmbH, Markdorf/Germany maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control-- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan

and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Martin Yale International GmbH, Markdorf/Germany maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on criteria established in Internal Control-- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also in our opinion, Martin Yale International GmbH, Markdorf/Germany maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control-- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2004, and the related consolidated statements of income, and cash flows for the period ended December 31, 2004, and the related financial statement schedule in the period ended December 31, 2004, and our report dated February 18, 2005, expressed an unqualified opinion thereon.

/s/ FALK & Co GmbH

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft
Heidelberg/Germany
February 18, 2005

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ITEM 9B -- OTHER INFORMATION

None.

Part III

ITEM 10 -- DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required under this item with respect to Directors and Executive Officers is contained in the registrant's Proxy Statement relating to its annual meeting of stockholders scheduled to be held on April 30, 2005 under the captions "Certain Beneficial Owners," "Election of Directors," and "Executive Officers of the Registrant" and is incorporated herein by reference.

ITEM 11-- EXECUTIVE COMPENSATION

Information required under this item is contained in the registrant's Proxy Statement relating to its annual meeting of stockholders scheduled to be held on

April 30, 2005 under the caption "Executive Compensation" and is incorporated herein by reference, except that the information required by Items 402(k) and (l) of Regulation S-K which appear within such caption under the sub-headings "Compensation and Stock Option Committees", "Report of Audit Committee" and "Financial Performance" are specifically not incorporated by reference into this Form 10-K or into any other filing by the registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934.

ITEM 12--SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Except for the information required by Item 201(d) of Regulation S-K, which is included below, information required by this item is contained in the registrant's proxy statement relating to its annual meeting of stockholders scheduled to be held on April 30, 2005 under the caption "Certain Beneficial Owners" and is incorporated herein by reference.

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance
Equity compensation plans approved by security holders (1)	578,930	\$ 10.19	1,157,736
Equity compensation plans not approved by security holders	--	--	--
Total	578,930		1,157,736

(1) These plans are the Company's 1997 Incentive Stock Option Plan and the 1997 Director Stock Option Plan.

ITEM 13--CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

ITEM 14 -- PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is contained in the registrant's proxy statement relating to its annual meeting of stockholders scheduled to be held on April 30, 2005 under the caption "Principal Accounting Firm Fees" and is incorporated herein by reference.

Part IV

ITEM 15--EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(A) Documents filed as a part of this report:

(1) Financial Statements

Report of Independent Registered Public Accounting Firm
Consolidated financial statements of Escalade, Incorporated and subsidiaries:

Consolidated balance sheets--December 25, 2004 and December 27, 2003

Consolidated statements of income--fiscal years ended December 25, 2004, December 27, 2003 and December 28, 2002

Consolidated statements of stockholders' equity--fiscal years ended December 25, 2004, December 27, 2003 and December 28, 2002

Consolidated statements of cash flows--fiscal years ended December 25, 2004, December 27, 2003 and December 28, 2002

Notes to consolidated financial statements

- (2) Financial Statement Schedules
Report of Independent Registered Accounting Firm on financial
statement schedules
For the three-year period ended December 25, 2004:
Schedule II--Valuation and qualifying accounts

All other schedules are omitted because of the absence of conditions under which they are required or because the required information is given in the consolidated financial statements or notes thereto.

(3) Exhibits

- 3.1 Articles of incorporation of Escalade, Incorporated (a)
3.2 By-Laws of Escalade, Incorporated (a)
4.1 Form of Escalade, Incorporated's common stock certificate (a)
10.1 Licensing agreement between Sweden Table Tennis AB and Indian Industries, Inc. dated January 1, 1995 (d)
10.2 Amended and Restated Credit Agreement dated October 24, 2001 between Escalade, Incorporated and Bank One, Indiana, N.A. dated August 29, 2002 (g)
10.3 First Amendment to Amended and Restated Credit Agreement dated October 24, 2001 between Escalade, Incorporated and Bank One, Indiana, N.A. dated August 29, 2002 (h)
10.4 Third Amendment to amend and restate the credit agreement between Escalade, Incorporated and Bank One, N.A. The effective date is June 1, 2003 (i)
10.5 Credit Agreement dated as of September 5, 2003 by and between Indian-Martin, Inc. and Bank One, National Association (excluding exhibits and schedules not deemed to be material). The effective date is September 7, 2003 (j)

10.6 Revolving Note dated as of September 5, 2003 in principal amount of \$45,000,000, executed by Indian-Martin, Inc. in favor of Bank One, National Association (j)
10.7 Pledge Agreement dated as of September 5, 2003 by and between Indian-Martin, Inc. and Bank One, National Association (j)
10.8 Collateral Assignment and Security Agreement dated as of September 5, 2003 by and between Indian-Martin, Inc. and Bank One, National Association (j)
10.9 Receivables Purchase Agreement dated as of September 5, 2003 by and between Indian-Martin, Inc. and Indian-Martin AG (j)
10.10 Receivables Purchase Agreement dated as of September 5, 2003 by and between Indian-Martin, Inc. and Indian Industries, Inc. Substantially similar Receivables Purchase Agreements were also entered into by Indian-Martin, Inc. and each of Escalade, Incorporated's other domestic operating subsidiaries, Harvard Sports, Inc., Martin Yale Industries, Inc., Master Products Manufacturing Company, Inc., U.S. Weight, Inc. and Bear Archery, Inc. (j)
10.11 Services Agreement dated as of September 5, 2003 by and between Indian-Martin, Inc. and Martin Yale Industries, Inc. Substantially similar Services Agreements were also entered into by Indian-Martin, Inc. and each of Escalade, Incorporated's other domestic operating subsidiaries, Harvard Sports, Inc., Indian Industries, Inc., Master Products Manufacturing Company, Inc., U.S. Weight, Inc. and Bear Archery, Inc. (j)
10.12 Escalade Subordination Agreement dated as of September 5, 2003 between Escalade, Incorporated and Bank One, National Association (j)
10.13 Offset Waiver Agreement dated as of September 5, 2003 between Escalade, Incorporated, Bank One, National Association, Indian-Martin, Inc., Harvard Sports, Inc., Indian Industries, Inc., Martin Yale Industries, Inc., Master Products Manufacturing Company, Inc., U.S. Weight, Inc. and Bear Archery, Inc. (j)
10.14 Loan Agreement dated September 1, 1998 between Martin Yale Industries, Inc. and City of Wabash, Indiana (f)
10.15 Trust Indenture between the City of Wabash, Indiana and Bank One Trust Company, NA as Trustee dated September 1, 1998 relating to the Adjustable Rate Economic Development Revenue Refunding Bonds, Series 1998 (Martin Yale Industries, Inc.

Project) (f)

- 10.16 First Amendment to Credit Agreement dated September 5, 2003 by and between Indian-Martin, Inc. and Bank One, National Association, a national banking association. The Effective date of the Amendment was July 15, 2004. (k)
- 10.17 Fourth amendment to amended and restated credit agreement dated June 1, 2003 by and between Escalade, Incorporated and Bank One, N.A. a national banking association. The Effective date of amendment was July 15, 2004. (l)
- 10.18 Euro revolving note dated July 15, 2004, in principal amount of (euro)2,500,000, executed by Escalade, Incorporated in favor of Bank One, N.A., London branch. (l)
- 10.19 Uncommitted overdraft facility not to exceed 1.0 million Euro and 500 thousand pounds sterling between Escalade, Incorporated and Bank One, N.A., London branch. (l)

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(4) Executive Compensation Plans and Arrangements

- 10.20 The Harvard Sports/Indian Industries, Inc. 401(k) Plan as amended and merged in 1993 (c)
 - 10.21 Martin Yale Industries, Inc. 401(k) Retirement Plan as amended in 1993 (c)
 - 10.22 Incentive Compensation Plan for Escalade, Incorporated and its subsidiaries (a)
 - 10.23 Example of contributory deferred compensation agreement between Escalade, Incorporated and certain management employees allowing for deferral of compensation (a)
 - 10.24 1997 Director Stock Compensation and Option Plan (e)
 - 10.25 1997 Incentive Stock Option Plan (e)
 - 10.26 1997 Director Stock Compensation and Option Plan Certificate
 - 10.27 1997 Incentive Stock Option Plan Certificate
 - 10.28 Escalade, Incorporated schedule of Directors Compensation
 - 10.29 Escalade, Incorporated schedule of Executive Officers Compensation
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- 21 Subsidiaries of the Registrant
 - 23.1 Consent of BKD, LLP
 - 23.2 Consent of FALK & Co GmbH
 - 31.1 Chief Executive Officer Rule 13a-14(a)/15d-14(a) Certification
 - 31.2 Chief Financial Officer Rule 13a-14(a)/15d-14(a) Certification
 - 32.1 Chief Executive Officer Section 1350 Certification
 - 32.2 Chief Financial Officer Section 1350 Certification

- (a) Incorporated by reference from the Company's Form S-2 Registration Statement, File No. 33-16279, as declared effective by the Securities and Exchange Commission on September 2, 1987
- (b) Intentionally not used
- (c) Incorporated by reference from the Company's 1993 Annual Report on Form 10-K
- (d) Incorporated by reference from the Company's 1995 Annual Report on Form 10-K
- (e) Incorporated by reference from the Company's 1997 Proxy Statement
- (f) Incorporated by reference from the Company's 1998 Third Quarter Report on Form 10-Q
- (g) Incorporated by reference from the Company's 2001 Third Quarter Report on Form 10-Q
- (h) Incorporated by reference from the Company's 2002 Third Quarter Report on Form 10-Q
- (i) Incorporated by reference from the Company's 2003 Second Quarter Report on Form 10-Q
- (j) Incorporated by reference from the Company's 2003 Third Quarter Report on Form 10-Q
- (k) Incorporated by reference from the Company's 2004 Second Quarter Report on Form 10-Q
- (l) Incorporated by reference from the Company's 2004 Third Quarter Report on Form 10-Q

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ESCALADE, INCORPORATED AND SUBSIDIARIES

Index to Financial Statements

The following consolidated financial statements of the Registrant and its subsidiaries and Independent Accountants' Report are submitted herewith:

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[GRAPHIC OMITTED]
BKD LLP

Report of Independent Registered Public Accounting Firm

Audit Committee, Board of Directors and Stockholders
Escalade, Incorporated
Wabash, Indiana

We have audited the accompanying consolidated balance sheets of Escalade, Incorporated as of December 25, 2004 and December 27, 2003, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 25, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the 2004 consolidated financial statements of Martin Yale International, GmbH, a wholly-owned subsidiary, which consolidated statements reflect total assets and net sales of \$33,547 and \$41,864 (dollars in thousands), respectively, included in the related consolidated financial statement amounts as of and for the year ended December 25, 2004. Those consolidated statements were audited by other auditors, whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for Martin Yale International, GmbH, is based solely on the report of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other accountants for 2004, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Escalade, Incorporated as of December 25, 2004 and December 27, 2003, and the results of its operations and its cash flows for each of the three years in the period ended December 25, 2004, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Escalade, Incorporated's internal control over financial reporting as of December 25, 2004, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 18, 2005, expressed unqualified opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting.

/s/ BKD LLP

Evansville, Indiana
February 18, 2005

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[GRAPHIC OMITTED]
FALK & Co

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Martin Yale International GmbH,
Markdorf/Germany

We have audited the accompanying consolidated balance sheets of Martin Yale International GmbH, Markdorf/Germany and Subsidiaries (the Company) as of December 31, 2004 and 2003, and the related consolidated statements of income and cash flows for each of the two years in the period ended December 31, 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in 2004 in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2004 and 2003, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in Germany.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 18, 2005, expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

/s/ FALK & Co GmbH

Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft
Heidelberg/Germany,
February 18, 2005

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ESCALADE, INCORPORATED AND SUBSIDIARIES

Consolidated Balance Sheets

All Amounts in Thousands Except Share Information	December 25, 2004	December 27, 2003
Assets		
Current assets		
Cash and cash equivalents	\$ 3,050	\$ 648
Receivables, less allowances of \$2,510 and \$1,991	44,363	45,073
Inventories	30,482	29,853
Prepaid expenses	3,011	1,611
Deferred income tax benefit	2,496	2,434
Total current assets	83,402	79,619
Property, plant and equipment, net		
Intangible assets	16,498	17,537
Goodwill	8,019	9,026
Investments	17,888	18,777
Other assets	6,446	5,526
	2,846	3,952
Total assets	\$ 135,099	\$ 134,437
Liabilities and Stockholders' Equity		
Current liabilities		
Notes payable--bank	\$ 11,638	\$ 21,568
Current portion of long-term debt		
Trade accounts payable	354	354
Accrued liabilities	8,034	8,139
Income tax payable	27,438	23,321
	142	1,580
Total current liabilities	47,606	54,962
Long-term debt, less current portion		
Deferred compensation	15,896	15,729
Interest rate swap	1,233	1,408
Commitments and contingencies	386	1,055
	--	--
Total liabilities	65,121	73,154
Stockholders' equity		
Preferred stock		
Authorized: 1,000,000 shares, no par value, none issued		
Common stock		
Authorized: 30,000,000 shares, no par value		
Issued and outstanding: 2004--13,031,064 shares, 2003--12,854,162 shares		
	13,031	12,854
Retained earnings	52,394	46,182
Accumulated other comprehensive income	4,553	2,247
Total stockholders' equity	69,978	61,283
Total liabilities and stockholders' equity	\$ 135,099	\$ 134,437

See notes to consolidated financial statements.

ESCALADE, INCORPORATED AND SUBSIDIARIES

Consolidated Statements of Income

All Amounts in Thousands Except Per Share Data	Years Ended		
	December 25, 2004	December 27, 2003	December 28, 2002
Net Sales	\$ 220,709	\$ 216,268	\$ 150,224
Costs, Expenses and Other Income			
Cost of products sold	158,391	154,365	111,164

Selling, administrative and general expenses	43,070	40,907	21,097
Restructuring Costs	2,366	--	--
Goodwill impairment loss	1,312	--	--
	-----	-----	-----
Operating income	15,570	20,996	17,963
Interest expense	1,772	2,282	951
Other expense (income)	(19)	(2,509)	69
	-----	-----	-----
Income Before Income Taxes	13,817	21,223	16,943
Provision for Income Taxes	5,990	6,373	5,805
	-----	-----	-----
Net Income	\$ 7,827	\$ 14,850	\$ 11,138
	=====	=====	=====
Earnings Per Share Data			
Basic earnings per share	\$ 0.60	\$ 1.15	\$ 0.86
	=====	=====	=====
Diluted earnings per share	\$ 0.59	\$ 1.13	\$ 0.83
	=====	=====	=====

See notes to consolidated financial statements.

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ESCALADE, INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity

All Amounts in Thousands	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount			
Balances at December 29, 2001	12,848	12,848	21,423	125	34,396
Comprehensive income					
Net income			11,138		11,138
Unrealized losses on securities, net of tax				(149)	(149)
Total comprehensive income					10,989
Exercise of stock options	192	192	345		537
Stock issued under the Director Stock Option Plan	24	24	56		80
Purchase of stock	(46)	(46)	(81)		(127)
Balances at December 28, 2002	13,018	13,018	32,881	(24)	45,875
Comprehensive income					
Net income			14,850		14,850
Unrealized gain on securities, net of tax				103	103
Foreign Currency Translation Adjustment				2,853	2,853
Unrealized Loss on Interest Rate Swap Agreement, net of tax				(685)	(685)
Total comprehensive income					17,121
Exercise of stock options	120	120	230		350
Stock issued under the Director Stock Option Plan	4	4	47		51
Purchase of stock	(288)	(288)	(1,826)		(2,114)
Balances at December 27, 2003	12,854	12,854	46,182	2,247	61,283
Comprehensive income					
Net income			7,827		7,827
Unrealized gain on securities, net of tax				102	102
Foreign Currency Translation Adjustment				1,770	1,770
Unrealized Gain on Interest Rate Swap Agreement, net of tax				434	434
Total comprehensive income					10,133
Exercise of stock options	226	226	814		1,040
Dividend Paid			(1,556)		(1,556)
Stock issued under the Director Stock Option Plan	10	10	52		62
Purchase of stock	(59)	(59)	(925)		(984)

Balances at December 25, 2004	13,031	\$ 13,031	\$ 52,394	\$ 4,553	\$ 69,978
	=====	=====	=====	=====	=====

See notes to consolidated financial statements.

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ESCALADE, INCORPORATED AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(All Amounts in Thousands)

Years Ended December 25, December 27 and December 28	2004	2003	2002
-----	-----	-----	-----
Operating Activities			
Net income	\$ 7,827	\$ 14,850	\$ 11,138
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	6,328	5,301	3,798
Provision for doubtful accounts	479	131	101
Deferred income taxes	(1,022)	(1,042)	(14)
Provision for deferred compensation	132	121	117
Deferred compensation paid	(307)	(50)	(55)
(Gain) loss on disposals of assets	130	(25)	(304)
Changes in			
Accounts receivable	645	3,077	(6,974)
Inventories	138	5,959	(1,004)
Prepays	(1,350)	262	(378)
Other assets	(575)	(1,024)	(500)
Income tax payable	(205)	(264)	(493)
Accounts payable and accrued expenses	3,143	(770)	(1,557)
	-----	-----	-----
Net cash provided by operating activities	15,363	26,526	3,875
Investing Activities			
Change in cash surrender value, net of loans and premiums	--	(153)	15
Purchase of property and equipment	(2,410)	(2,564)	(3,085)
Purchase of long-term investments	--	(846)	(15)
Acquisitions, Net of Cash Acquired	(632)	(10,730)	(9,158)
Proceeds from sale of property and equipment	288	207	1,699
Equity investment in Schleicher & Co. International AG	--	(9,886)	(2,557)
	-----	-----	-----
Net cash used by investing activities	(2,754)	(23,972)	(13,101)
Financing Activities			
Net increase (decrease) in notes payable--bank	(8,490)	(2,270)	1,453
Proceeds from exercise of stock options	1,040	350	617
Reduction of long-term debt	(167)	(1,848)	(5,167)
Purchase of stock	(984)	(2,114)	(127)
Cash Dividend Paid	(1,556)	--	--
Proceeds from long-term debt	--	--	14,900
	-----	-----	-----
Net cash provided (used) by financing activities	(10,157)	(5,882)	11,676
Effect of exchange rate changes on cash	(50)	606	--
	-----	-----	-----
Increase (Decrease) in Cash and Cash Equivalents	2,402	(2,722)	2,450
Cash and Cash Equivalents, Beginning of Year	648	3,370	920
	-----	-----	-----
Cash and Cash Equivalents, End of Year	\$ 3,050	\$ 648	\$ 3,370
	=====	=====	=====
Supplemental Cash Flows Information			
Interest paid	\$ 1,741	\$ 2,285	\$ 952
Income taxes paid, net	8,418	7,207	6,831
Fixed assets in accounts payable	--	--	68

See notes to consolidated financial statements.

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ESCALADE, INCORPORATED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 1 -- Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Escalade, Incorporated and its wholly owned subsidiaries (the "Company") are engaged in the manufacture and sale of sporting goods and office products. The Company is headquartered in Wabash, Indiana and has manufacturing facilities in the United States of America, Mexico, Germany and China. The Company sells products to customers throughout the world.

Principles of Consolidation

The consolidated financial statements include the accounts of Escalade, Incorporated and its wholly-owned subsidiaries. All material intercompany

accounts and transactions have been eliminated.

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The books and records of Subsidiaries located in foreign countries are maintained according to generally accepted accounting principles in those countries. Upon consolidation the Company evaluates the differences in accounting principles and determines whether adjustments are necessary to convert the foreign financial statements to the accounting principles upon which the consolidated financial statements are based. As a result of this evaluation no material adjustments were identified.

Fiscal Year End

The Company's fiscal year is a 52 or 53 week period ending on the last Saturday in December. Fiscal 2004, 2003, and 2002 were each 52 weeks long ending on December 25, 2004, December 27, 2003, and December 28, 2002, respectively.

Cash and Cash Equivalents

Highly liquid financial instruments with insignificant interest rate risk and with original maturities of three months or less are classified as cash and cash equivalents.

Inventories

Inventory cost is computed on a currently adjusted standard cost basis (which approximates actual cost on a current average or first-in, first-out basis). Work in process and finished goods inventory are determined to be saleable based on a demand forecast within a specific time horizon, generally one year or less. Inventory in excess of saleable amounts is reserved, and the remaining inventory is valued at the lower cost or market. This inventory valuation reserve totaled \$6.3 million and \$5.5 million at fiscal year-end 2004 and 2003, respectively. Inventories, net of the valuation reserve, at fiscal year-ends were as follows:

In Thousands	2004	2003
Raw materials	\$ 8,562	\$ 7,300
Work in process	5,142	5,133
Finished goods	16,778	17,420
	\$ 30,482	\$ 29,853

Accounts Receivable

Revenue from the sale of the Company's products is recognized as products are shipped to customers and accounts receivable are stated at the amount billed to customers. Interest and late charges that are billed to customers are not included in accounts receivable. The Company does not offer the right of return on any of its sales and the Company does not engage in consignment or contingency sales. The Company provides an allowance for doubtful accounts which is described in Note 2 - Certain Significant Estimates.

ESCALADE, INCORPORATED AND SUBSIDIARIES Notes to Consolidated Financial Statements

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation and amortization are computed for financial reporting purposes principally using the straight-line method over the following estimated useful lives: buildings, 20-30 years; leasehold improvements, term of the lease; machinery and equipment, 5-15 years; and tooling, dies and molds, 2-4 years. Property, plant and equipment consist of the following:

In Thousands	2004	2003
Land	\$ 1,853	\$ 1,773
Buildings and leasehold improvements	15,799	15,596
Machinery and equipment	34,562	31,475
Total cost	52,214	48,844
Accumulated depreciation and amortization	(35,716)	(31,307)

\$ 16,498 \$ 17,537
 ===== =====

Investments

Investments at fiscal year-ends are composed of the following:

In Thousands -----	2004 -----	2003 -----
Marketable equity securities available for sale	\$ 1,843	\$ 1,546
Non-marketable equity investments (cost method)	587	979
Non-marketable equity investments (equity method)	4,016	3,001
	-----	-----
	\$ 6,446	\$ 5,526
	=====	=====

Marketable Equity Securities Available for Sale. This consists of marketable equity securities recorded at fair value with unrealized gains and losses, net of tax, reported in accumulated other comprehensive income. Summarized financial data for these securities at fiscal year-end were as follows:

In Thousands -----	2004 -----	2003 -----
Cost basis	\$ 1,542	\$ 1,413
Unrealized gain	301	133
	-----	-----
Approximate fair market value	\$ 1,843	\$ 1,546
	=====	=====

Non-Marketable Equity Investments. The Company has minority equity positions in companies strategically related to the company's business. The Company does not have control over these companies and the accounting method employed is dependent on the degree of influence the Company can exert on the operations. Where the equity interest is less than 20% and the degree of influence is not significant, the cost method of accounting is employed. Where the equity interest is greater than 20% but less than 50% the equity method of accounting is utilized. Under the equity method, the company's proportionate share of income or losses is recorded in other expense (income) on the consolidated statement of income. The proportionate share of income was \$1,291 thousand, \$861 thousand, and \$329 thousand in 2004, 2003 and 2002, respectively. The Company considers whether the fair values of any of its equity investments have declined below their carrying value whenever adverse events or changes in circumstances indicate that recorded values may not be recoverable. If the Company considered any such decline to be other than temporary (based on various factors, including historical financial results, product development activities and overall health of the investments' industry), a write-down is recorded to estimated fair value.

ESCALADE, INCORPORATED AND SUBSIDIARIES
 Notes to Consolidated Financial Statements

Fair Values of Financial Instruments

Fair values of cash equivalents approximate cost due to the short period of time to maturity. Fair values of long-term investments, non-marketable debt investments, short-term debt, long-term debt and swaps, are based on quoted market prices or pricing models using current market rates. For the company's portfolio of non-marketable equity securities, management believes that the carrying value of the portfolio approximates the fair value at December 25, 2004. All of the estimated fair values are management's estimates; however, there is no readily available market and the estimated fair value may not necessarily represent the amounts that could be realized in a current transaction, and these fair values could change significantly.

Employee Stock Option Plan

The Company has two stock-based compensation plans which were approved by the stockholders at the Company's 1997 annual meeting. Under these plans 1,800,000

common shares are reserved for issuance under an Incentive Stock Option Plan (ISO) and 600,000 common shares for issuance under a Director Stock Option Plan (DSO). The following table summarizes the option activity under the two plans:

	Incentive Stock		Director Stock	
	Granted	Outstanding	Granted	Outstanding
2004	196,600	555,374	4,126	23,556
2003	174,800	606,800	2,378	32,590
2002	154,200	560,400	11,426	36,350

The Company accounts for these plans under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock issued to Employees, and related interpretations. The Company grants selected executives and other key employees' stock option awards, which vest over four years of continued employment. The exercise price of each option, which has a five-year life, was equal to the market price of the Company's stock on the date of grant; therefore, no compensation expense was recognized. Options are exercisable commencing one year from the date of issuance to the extent vested.

Although the Company has elected to follow APB Opinion No. 25, Statement of Financial Accounting Standards (SFAS) No. 123 requires pro forma disclosures of net income and earnings per share as if the Company had accounted for its employee stock options under that statement. The fair value of each option grant was estimated on the grant date using an option-pricing model with the following assumptions:

	2004	2003	2002
Risk-free interest rates	3.07%	2.90%	4.65%
Dividend yields	0%	0%	0%
Volatility factors of expected market price of common stock	50%	46%	38%
Weighted average expected life of the options	5 years	5 years	5 years

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value provisions of FASB Statement No. 123, Accounting for Stock-Based Compensation, to stock-based employee compensation.

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ESCALADE, INCORPORATED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

In Thousands Except Per Share Amounts	2004	2003	2002
Net income, as reported	\$ 7,827	\$ 14,850	\$ 11,138
Less: Total stock-based employee compensation cost determined under the fair value based method, net of income taxes	(801)	(440)	(404)
Pro forma net income	\$ 7,026	\$ 14,410	\$ 10,734
Earnings per share			
Basic--as reported	\$ 0.60	\$ 1.15	\$ 0.86
Basic--pro forma	\$ 0.54	\$ 1.11	\$ 0.83
Diluted--as reported	\$ 0.59	\$ 1.13	\$ 0.83
Diluted--pro forma	\$ 0.53	\$ 1.09	\$ 0.80

Foreign Currency Translation

The functional currency for the foreign operations of Escalade is the local currency. The translation of foreign currencies into U.S. dollars is performed

for balance sheet accounts using exchange rates in effect at the balance sheet dates and for revenue and expense accounts using a weighted average exchange rate during the year. The gains or losses resulting from the translation are included in Accumulated Other Comprehensive Income (Loss) in the Consolidated Statements of Stockholders' Equity and are excluded from net income. Gains or losses resulting from foreign currency transactions are included in Other expense (income) in the Consolidated Statements of Income and were insignificant in fiscal years 2004, 2003, and 2002.

Cost of Products Sold

Cost of products sold are comprised of those costs directly associated with or allocated to the products sold and include materials, labor and factory overhead.

Other Expense (Income)

The components of Other Expense (Income) were as follows:

In Thousands -----	2004 -----	2003 -----	2002 -----
Amortization of intangibles	\$ 1,224	\$ 1,048	\$ 962
Gain from European debt abatement	--	(1,442)	--
Investment income	(601)	(1,253)	(501)
Deferred compensation costs	133	(32)	131
Vendor charge-backs	(255)	(480)	--
Royalty income from patents	(711)	(187)	--
Gain on sale of real estate	--	--	(434)
Other	191	(163)	(89)
	-----	-----	-----
	\$ (19)	\$ (2,509)	\$ 69
	=====	=====	=====

Income Taxes

Income tax in the consolidated statement of income includes deferred income tax provisions or benefits for all significant temporary differences in recognizing income and expenses for financial reporting and income tax purposes.

ESCALADE, INCORPORATED AND SUBSIDIARIES Notes to Consolidated Financial Statements

Intangible Assets

The Company has various intangible assets including consulting agreements, patents, trademarks, noncompetition agreements and goodwill. Amortization is computed using the straight-line method over the following lives: consulting agreements, the life of the agreement; non-compete agreements, the lesser of the term or 5 years; and patents, 5 to 8 years. Trademarks are deemed to have indefinite useful lives and accordingly are not amortized, but evaluated on an annual basis to determine whether any impairment in value has occurred.

Research and Development

Research and development costs are charged to expense as incurred. Research and development costs incurred during 2004, 2003 and 2002 were approximately \$2,299 thousand, \$2,947 thousand, and \$1,520 thousand, respectively.

Reclassifications

Certain reclassifications have been made to the 2003 and 2002 financial statements to conform to the 2004 financial statement presentation. These reclassifications had no effect on net earnings.

New Accounting Pronouncements

In December, 2004, the Financial Accounting Standards Board (FASB) issued an amendment to SFAS 123 Accounting for Stock-Based Compensation (SFAS 123R) which eliminates the ability to account for share-based compensation transactions using Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and generally requires that such transactions be accounted for using a fair value-based method. SFAS 123R will be effective for the Company beginning with the third quarter of 2005. SFAS123R applies to all awards granted after the required effective date and to awards modified, repurchased, or cancelled after that date as well as for the unvested portion of awards existing as of the

effective date. The cumulative effect of initially applying this Statement, if any, is recognized as of the required effective date. As of the required effective date, the Company will apply SFAS 123R using a modified version of prospective application. Under that transition method, compensation cost is recognized on or after the required effective date for the portion of outstanding awards, for which the requisite service has not yet been rendered, based on the grant-date fair value of those awards calculated under SFAS 123 for either recognition or pro forma disclosures. For periods before the required effective date, a company may elect to apply a modified version of retrospective application under which financial statements for prior periods are adjusted on a basis consistent with the pro forma disclosures required for those periods by SFAS 123. We are currently evaluating the effect of the recognition and measurement provisions of SFAS 123R but we currently believe the adoption of SFAS 123R will not result in a material impact on the Company's results of operations or financial condition.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity. This statement establishes standards for how an issuer classifies and measures in its balance sheet certain financial instruments with characteristics of both liabilities and equity. The objective of this Statement is to require issuers to classify as liabilities (or assets in some circumstances) three classes of freestanding financial instruments that embody obligations for the issuer. This Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise shall be effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatory redeemable financial instruments of a nonpublic company. For these instruments, this Statement is

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ESCALADE, INCORPORATED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

effective for existing or new contracts for fiscal periods beginning after December 15, 2003. Adoption of this Standard has not had a material effect on the Company.

In January of 2003, the FASB issued Interpretation No. 46, (FIN 46), Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51, and in December 2003 the FASB deferred certain effective dates of Interpretation No. 46. For all variable interest entities other than special purpose entities, the revised Interpretation is effective for periods ending after March 15, 2004. For variable interest entities meeting the definition of special purpose entities under earlier accounting rules, the Interpretation remains effective for periods ending after December 31, 2003. The Interpretation requires the consolidation of entities in which an enterprise absorbs a majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interests in the entity. Currently, entities are generally consolidated by an enterprise when it has a controlling interest through ownership of a majority voting interest in the entity. The Company has determined that it has no such instruments.

In November 2002, the FASB issued Interpretation No. 45, (FIN 45), Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, which elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions of this Interpretation apply on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements in this Interpretation are effective for periods ending after December 15, 2002. The Company has product warranties that fall under the scope of FIN 45 and has adopted the requirements of FIN 45.

Note 2 -- Certain Significant Estimates

In the preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the consolidated financial statements; and the reported amounts of revenues and expenses during the reporting period. These estimates and judgments are evaluated on an ongoing

basis and are based on experience; current and expected future conditions; third party evaluations; and various other assumptions believed reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carry values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and liabilities. Actual results may differ from the estimates and assumptions used in the financial statements and related notes.

Listed below are certain significant estimates and assumptions related to the preparation of the consolidated financial statements:

Product Warranty

The Company provides limited warranties on certain of its products, for varying periods. Generally, the warranty periods range from 90 days to one year. However, some products carry extended warranties of seven-year, ten-year, and lifetime warranties. The Company records an accrued liability and expense for estimated future warranty claims based upon historical experience and

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ESCALADE, INCORPORATED AND SUBSIDIARIES Notes to Consolidated Financial Statements

management's estimate of the level of future claims. Changes in the estimated amounts recognized in prior years are recorded as an adjustment to the accrued liability and expense in the current year. A reconciliation of the liability is as follows:

In Thousands	2004	2003
Beginning balance	\$ 1,634	\$ 1,324
Additions	1,294	1,447
Deductions	(1,630)	(1,137)
Ending balance	\$ 1,298	\$ 1,634

Inventory Valuation Reserves

The Company evaluates inventory for obsolescence and excess quantities based on demand forecasts based on specified time frames; usually one year. The demand forecast is based on historical usage, sales forecasts and current as well as anticipated market conditions. All amounts in excess of the demand forecast are deemed to be excess or obsolete and a reserve is established based on the anticipated net realizable value. A reconciliation of the liability is as follows:

In Thousands	2004	2003
Beginning balance	\$ 5,465	\$ 1,182
Additions	2,810	5,529
Deductions	(2,052)	(1,246)
Ending balance	\$ 6,223	\$ 5,465

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due between 30 and 60 days after the issuance of the invoice. Accounts are considered delinquent when more than 90 days past due. Delinquent receivables are reserved or written off based on individual credit evaluation and specific circumstances of the customer. A reconciliation of the liability is as follows:

In Thousands	2004	2003
Beginning balance	\$ 1,991	\$ 550
Additions	1,523	2,196
Deductions	(1,004)	(755)
Ending balance	\$ 2,510	\$ 1,991

Advertising Subsidies

The Company enters agreements with certain retailers to pay for direct advertising programs and/or provide in-store display units. These agreements are not based on retailer purchase volumes and do not obligate the retailer to continue carrying the Company's products. The Company determines the value of the advertising services based on its own research and history of providing such services. The Company expenses these costs in the period in which they are incurred as a selling expense. A reconciliation of the liability is as follows:

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In Thousands	2004	2003
-----	-----	-----
Beginning balance	\$ 779	\$ 614
Additions	2,885	1,973
Deductions	(2,939)	(1,808)
	-----	-----
Ending balance	\$ 725	\$ 779
	=====	=====

CO-OP Advertising

The Company offers co-operative advertising allowances to certain retailers to encourage product promotions. These agreements are typically based on a percentage of retailer purchases up to a maximum allowance and the Company is never directly involved with the media provider. The Company accrues the estimated cost of these programs based on the sales volume of the retailer and historical trends. As costs are accrued they are recorded as a reduction in sales. A reconciliation of the liability is as follows:

In Thousands	2004	2003
-----	-----	-----
Beginning balance	\$ 2,782	\$ 1,202
Additions	3,238	2,766
Deductions	(2,475)	(1,186)
	-----	-----
Ending balance	\$ 3,545	\$ 2,782
	=====	=====

Volume Rebates

The Company has various rebate programs with its retailers that are based on purchase volume. Typically these programs are based on achieving specified sales volumes and the rebate is calculated as a percentage of purchases. Based on the terms of the agreement, purchase levels and historical trends the Company accrues the cost of these programs and records the same as a reduction in sales. A reconciliation of the liability is as follows:

In Thousands	2004	2003
-----	-----	-----
Beginning balance	\$ 2,435	\$ 1,836
Additions	5,400	4,707
Deductions	(4,416)	(4,108)
	-----	-----
Ending balance	\$ 3,419	\$ 2,435
	=====	=====

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Catalog Allowances

A number of large office supply dealers operate through catalogs distributed to businesses throughout the country. Product content is decided by the dealer each time a new catalog is issued; typically once a year. Catalog allowances are required by the dealer as an inducement to include the Company's products. The allowance is based on a fixed cost per page and/or a percentage of purchases by the dealer. The fixed portion of the allowance is often paid when the catalog is distributed and is recognized in the period incurred and the variable portion is accrued based on dealer purchases and historical trends. Catalog allowances are recorded as a reduction in sales. A reconciliation of the liability is as follows:

In Thousands	2004	2003
Beginning balance	\$ 1,027	\$ 1,547
Additions	1,380	2,043
Deductions	(1,646)	(2,563)
Ending balance	\$ 761	\$ 1,027

Note 3 -- Accrued Liabilities

Accrued liabilities consist of the following:

In Thousands	2004	2003
Employee compensation	\$ 10,247	\$ 10,443
Customer allowances	10,465	9,748
Other accrued items	6,726	3,130
	\$ 27,438	\$ 23,321

Note 4 -- Employee Benefit Plans

The Company has an employee profit-sharing salary reduction plan, pursuant to the provisions of Section 401(k) of the Internal Revenue Code, for non-union employees. The Company's contribution is a matching percentage of the employee contribution as determined by the Board of Directors annually. The Company's expense for the plan was \$695 thousand, \$487 thousand, and \$461 thousand for 2004, 2003 and 2002, respectively.

Note 5 -- Restructuring Costs

In 2004 the Company initiated a facility consolidation plan and involuntary employee terminations in the office product segment in order to reduce costs and increase the competitiveness of the Company. Under this plan the Company will close two facilities in North America and reduce its workforce by approximately 100 individuals in North America and 20 in Europe. Restructuring costs, before taxes, were composed of the following:

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In Thousands	Restructuring Charges	Non-Cash Charges	Cash Payments	Balance at December 25, 2004
Severance and benefit costs	\$ 1,656	\$ --	\$ 378	\$ 1,278
Facility closure costs	710	540	--	170
	\$ 2,366	\$ 540	\$ 378	\$ 1,448

Note 6 -- Operating Leases

The Company leases warehouse and office space under non-cancelable operating leases that expire at various dates through 2011. Terms of the leases, including renewals, taxes, utilities, and maintenance, vary by lease. Total rental expense included in the results of operations relating to non-cancelable leases with terms of more than one year were \$1,998 thousand, \$2,232 thousand, and \$1,133 thousand in 2004, 2003, and 2002, respectively.

At December 25, 2004, minimum rental payments under noncancelable leases with terms of more than one year were as follows:

In Thousands	Amount
2005	\$ 1,136

2006	652
2007	590
2008	447
2009	206
2010 and beyond	258

	\$ 3,289
	=====

Note 7 -- Earnings Per Share

The shares used in the computation of the company's basic and diluted earnings per common share are as follows:

In Thousands	2004	2003	2002
-----	-----	-----	-----
Weighted average common shares outstanding	12,980	12,968	12,972
Dilutive effect of stock options	247	248	462
	-----	-----	-----
Weighted average common shares outstanding, assuming dilution	13,227	13,216	13,434
	=====	=====	=====

Weighted average common shares outstanding, assuming dilution, includes the incremental shares that would be issued upon the assumed exercise of stock options outstanding.

Note 8 -- Acquired Intangible Assets and Goodwill

The carrying basis and accumulated amortization of recognized intangible assets are summarized in the following table:

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In Thousands	2004		2003	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
-----	-----	-----	-----	-----
Patents	\$ 6,078	\$ 2,158	\$ 6,078	\$ 1,334
Consulting agreements	810	760	810	710
Non-compete agreements	1,800	1,455	1,700	1,180
Customer list	630	271	630	--
Trademarks	3,466	121	3,153	121
	-----	-----	-----	-----
	\$ 12,784	\$ 4,765	\$ 12,371	\$ 3,345
	=====	=====	=====	=====

Amortization expense was \$1,324 thousand, \$1,098 thousand and \$1,112 thousand for 2004, 2003 and 2002, respectively.

Estimated amortization expense for each reporting segment for each of the following five years is:

In Thousands	2005	2006	2007	2008	2009	Thereafter
-----	-----	-----	-----	-----	-----	-----
Sporting Goods	\$ 1,174	\$ 869	\$ 824	\$ 824	\$ 626	\$ --
Office Products	126	126	107	--	--	--
	-----	-----	-----	-----	-----	-----
	\$ 1,300	\$ 995	\$ 931	\$ 824	\$ 626	\$ --
	=====	=====	=====	=====	=====	=====

The Company evaluates the carrying value of its long-lived and intangible assets on an annual basis, or whenever events and circumstances indicate that the carrying value of the assets may be impaired. The Company determines impairment based on the asset's ability to generate cash flow greater than the carrying value of the asset, using a discounted probability-weighted analysis. If projected discounted cash flows are less than the carrying value of the asset, the asset is adjusted to its fair value. In August 2004, as a result of continued declines in office product sales from its office products operation located in Mexico, the Company initiated a facility consolidation plan and determined that this event, coupled with the continued decline in sales volume, necessitated an impairment evaluation of the goodwill specifically allocated to the product lines manufactured there. In accordance with the provisions of FASB Statement No. 142 Goodwill and Other Intangible Assets, the Company prepared a discounted cash flow analysis which indicated that the book value of the product line significantly exceeded its estimated fair value resulting in permanent impairment. Accordingly, the Company recognized a non-cash impairment loss of \$1.3 million in the third quarter.

The changes in the carrying amount of goodwill were:

In Thousands -----	Sporting Goods -----	Office Products -----	Total -----
Balance at December 28, 2002	\$ 7,151	\$ 6,200	\$ 13,351
Acquired	--	4,566	4,566
Foreign Currency Translation Adjustment	--	860	860
	-----	-----	-----
Balance at December 27, 2003	7,151	11,626	18,777
Impairment charge	--	(1,312)	(1,312)
Foreign Currency Translation Adjustment	--	423	423
	-----	-----	-----
Balance at December 25, 2004	\$ 7,151	\$ 10,737	\$ 17,888
	=====	=====	=====

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Notes to Consolidated Financial Statements

Note 9 -- Borrowings

Short-Term Debt

Short-term debt at fiscal year-ends was as follows:

In Thousands -----	2004 -----	2003 -----
Bank One Revolving line of credit	\$ 11,638	\$ 17,660
Deutsche Bank Revolving credit line	--	2,623
Unsecured demand note	--	790
Other short-term debt	--	495
	-----	-----
	\$ 11,638	\$ 21,568
	=====	=====

The Company's directly owned subsidiary, Indian-Martin, Inc., has a revolving line of credit under which it can borrow funds from time to time to purchase eligible accounts receivable from the company's operating subsidiaries which accounts are and will be pledged to secure those borrowings. At December 25, 2004, this line of credit aggregated \$30 million, of which \$11,638 thousand was borrowed. At the company's option, borrowings can be made under the bank's prime interest rate minus 1.25% or LIBOR plus 1.38%. At December 25, 2004, all borrowings under this revolving line of credit were under the prime interest rate option at an effective rate of 3.75%.

The Company's European subsidiaries had revolving credit line agreements with Deutsche Bank secured by the Company's real estate holdings in Germany. These credit line agreements were terminated by The Company in 2004.

The liabilities of Schleicher & Co. International, AG (Schleicher), acquired in

2003, included a note payable to the founder of Schleicher in the amount of \$790 thousand. This note was retired by The Company in 2004.

During 2003, the Company negotiated and executed a debt reduction plan with two European banks wherein the banks agreed to forgive 1.2 million Euro (approximately 1.4 million US Dollars) in debt, in exchange for early settlement of the outstanding debt. The gain associated with this extinguishment of debt was recorded in other income. This transaction was not considered an element of the Schleicher acquisition because it was not contemplated until after the acquisition was completed and was not part of the acquisition decision criteria.

Long-Term Debt

Long-term debt at fiscal year-ends was as follows:

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ESCALADE, INCORPORATED AND SUBSIDIARIES Notes to Consolidated Financial Statements		
In Thousands	2004	2003
-----	-----	-----
Revolving term loan of \$35,000, the amount available under this revolving term loan is reduced by \$7,000 annually starting March 31, 2004, with the balance due March 31, 2008. At December 25, 2004, the entire balance had an interest rate of London Interbank Offered Rate (LIBOR) plus 1.00%, or 3.66%, unsecured	\$ 10,000	\$ 12,320
Revolving term loan of Euro 2,500 (approximately 3,384 US Dollars), the balance is due July 15, 2006 and bears an interest rate of EURIBOR plus 2%, or 3.4% at December 25, 2004, unsecured	2,842	--
Mortgage payable (Wabash, Indiana Adjustable Rate Economic Development Revenue Refunding Bonds), annual installments are optional, interest varies with short-term rates and is adjustable weekly based on market conditions, maximum rate is 10.00%, rate at December 25, 2004 is 1.55%, due September 2028, secured by plant facility, machinery and equipment, and a stand-by letter of credit	2,700	2,700
Contract payable for Accudart acquisition, due \$167 annually beginning February 1, 2003 through February 1, 2006, non-interest bearing, secured by a stand-by letter of credit	333	500
Contract Payable for acquisition of equity interest in Sweden Table Tennis, AB, unsecured and non-interest bearing. Annual payments of \$187 due March of each year	375	563
	-----	-----
Portion classified as current	16,250 (354)	16,083 (354)
	-----	-----
	\$ 15,896	\$ 15,729
	=====	=====

Maturities of long-term debt outstanding at December 25, 2004 are as follows: \$354 thousand in 2005; \$3,196 thousand in 2006; \$3,000 thousand in 2007; \$7,000 thousand in 2008; and \$2,700 thousand in 2010.

The mortgages payable and term loan agreements contain certain restrictive covenants, of which the more significant include maintenance of specified net worth and maintenance of specified ranges of debt service and leverage ratios.

Interest Rate Swap Agreement

In May 2003, the Company entered into an interest rate swap agreement having a notional amount of \$10 million and a maturity date of May 19, 2008. This swap agreement is designated as a cash flow hedge, and effectively converts a portion of the Company's variable rate debt to fixed rate debt with a weighted average interest rate of 5.08%. The Company entered into this interest rate swap agreement to manage interest costs and cash flows associated with variable interest rates, primarily short-term changes in LIBOR; changes in the cash flows of the interest rate swap offset changes in the interest payments on the covered portion of the Company's revolving debt. In connection with this interest rate swap agreement the Company recorded an after tax charge of \$434 thousand in Other Comprehensive Income (OCI). There was no impact on net income due to ineffectiveness. The Company's exposure to credit loss on its interest rate swap agreement in the event of non-performance by the counterparty is believed to be remote due to the Company's requirement that the counterparty have a strong credit rating.

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Note 10 -- Stock Options

The Company has two stock-based compensation plans which are described in detail in Note 1. Stock option transactions under these plans are summarized as follows:

	2004		2003		2002	
	Shares	Option Price	Shares	Option Price	Shares	Option Price
Outstanding at beginning of year	639,390	\$2.42 to 10.68	596,750	\$2.42 to 9.03	658,694	\$1.65 to 3.60
Issued during year	200,726	\$17.24 to 19.21	177,178	\$6.99 to 10.68	165,626	\$3.80 to 9.03
Canceled or expired	(35,050)		(13,900)		(12,750)	
Exercised during year	(226,136)	\$2.42 to 10.68	(120,638)	\$2.42 to 9.03	(214,820)	\$1.65 to 3.60
Outstanding at end of year	578,930	\$6.99 to 19.21	639,390	\$2.42 to 10.68	596,750	\$2.42 to 9.03
Exercisable at end of year	192,354		256,062		225,474	
Weighted-average fair value of options granted during the year	\$ 9.87		\$ 7.04		\$ 3.49	

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The following table summarizes information about fixed stock options outstanding at December 25, 2004:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number of Shares	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
\$ 2.92 - \$ 3.60	150,558	1.8 years	\$ 3.22	121,458	\$ 3.13
\$ 6.99 - \$10.68	247,446	3.7 years	\$ 7.88	70,896	\$ 8.34
\$17.24 - \$19.21	180,926	5.1 years	\$ 19.17	--	--
	578,930			192,354	

Incentive stock options are exercisable at the rate of 25% over each of the four years following the date of grant.

During fiscal year 2004 the Company issued 4,126 Director Stock Options at an option price of \$17.24 and can be exercised after April 29, 2005 with an expiration date of April 27, 2008.

Note 11 -- Provision For Taxes

Income before taxes and the provision for taxes consisted of the following:

In Thousands	2004	2003	2002
Income (loss) before taxes:			
United States of America (USA)	\$ 14,040	\$ 19,720	\$ 16,943
Non USA	(223)	1,503	--
	\$ 13,817	\$ 21,223	\$ 16,943
Provision for taxes:			
Current			
Federal	\$ 4,870	\$ 5,802	\$ 4,678
State	487	1,073	459
International	283	539	681
	5,640	7,414	5,818
Deferred			

Federal	300	(845)	(10)
State	50	(196)	(3)
	-----	-----	-----
	350	(1,041)	(13)
	-----	-----	-----
	\$ 5,990	\$ 6,373	\$ 5,805
	=====	=====	=====

The Company has not provided for USA deferred taxes or foreign withholding taxes on undistributed earnings for non-USA subsidiaries. The company intends to reinvest these earnings indefinitely in operations outside the USA.

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The provision for income taxes was computed based on financial statement income. A reconciliation of the provision for income taxes to the amount computed using the statutory rate follows:

In Thousands	2004	2003	2002
-----	-----	-----	-----
Income tax at statutory rate	\$ 4,698	\$ 7,216	\$ 5,760
Increase (decrease) in income tax resulting from			
Permanent differences (goodwill impairment, investment income, dividends and foreign income)	642	(6)	(56)
State tax expense, net of federal effect	354	578	301
International taxes, net of federal effect	359	(905)	--
Research credit	--	(111)	(102)
Other	(63)	(399)	(98)
	-----	-----	-----
Provision for income taxes recorded	\$ 5,990	\$ 6,373	\$ 5,805
	=====	=====	=====

The components of the net deferred tax asset are as follows:

In Thousands	2004	2003
-----	-----	-----
Assets		
Employee benefits	\$ 821	\$ 791
Valuation reserves	2,102	2,070
Deferred compensation	456	525
Depreciation	130	200
Unrealized loss on interest rate swap agreement	135	370
Net operating loss carry forward	481	579
	-----	-----
Total assets	4,125	4,535
Liabilities		
Unrealized gain on sale of securities available-for-sale	(120)	(53)
Unrealized equity investment income	(517)	--
Goodwill and intangible assets	(202)	(69)
	-----	-----
Total assets	(839)	(122)
	-----	-----
	\$ 3,286	\$ 4,413
	=====	=====

Deferred tax assets are included in the consolidation balance sheet as follows:

In Thousands	2004	2003
-----	-----	-----
Current-Deferred income tax benefit	\$ 2,496	\$ 2,434
Long-Term-included in other assets	790	1,979

-----	-----
\$ 3,286	\$ 4,413
=====	=====

The Company has US federal and state net operating loss carryforwards of approximately \$431 thousand that expire in various amounts through 2018. The Company also has foreign net operating loss carryforwards of approximately Euro 338 thousand (approximately \$457 thousand US Dollars) which have no expiration date.

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Notes to Consolidated Financial Statements

Note 12 -- Deferred Compensation Plan

In October 1985, the Board of Directors approved the adoption of a Contributory Deferred Compensation Plan pursuant to which some recipients of incentive compensation could elect to defer receipt thereof. For each dollar of deferred compensation, the Company provided a 75% matching amount. Amounts deferred earn interest at the rate of 9%. Such amounts are not intended to be recognized for tax purposes until receipt. All deferrals allowed under this plan have been made. Participants have no vested rights in deferred amounts credited to their accounts and are general creditors of the Company until such amounts are actually paid.

Note 13 -- Operating Segment and Geographic Information

The following table presents certain operating segment information.

In Thousands	2004	2003	2002
-----	-----	-----	-----
Sporting Goods			
Net revenue	141,644	134,750	122,628
Operating income	17,926	16,507	15,002
Interest expense	963	906	881
Provision for taxes	6,045	5,467	4,836
Net income	10,747	9,720	8,400
Identifiable assets	63,458	64,627	65,282
Depreciation & amortization	3,001	3,314	2,746
Capital expenditures	1,109	1,363	2,450
Office Products			
Net revenue	79,065	81,518	27,596
Operating income	573	5,506	4,476
Interest expense	1,308	1,433	95
Provision for taxes	(351)	1,490	1,798
Net income	(1,634)	4,223	3,029
Identifiable assets	57,983	60,168	25,653
Depreciation & amortization	3,327	1,987	1,052
Capital expenditures	1,301	1,201	635
All Other			
Net revenue	--	--	--
Operating income	(2,929)	(1,017)	(1,515)
Interest expense	(499)	(57)	(25)
Provision for taxes	296	(584)	(829)
Net income	(1,287)	907	(291)
Identifiable assets	13,658	9,642	5,853
Depreciation & amortization	--	--	--
Capital expenditures	--	--	--
Total			
Net Revenue	220,709	216,268	150,224
Operating income	15,570	20,996	17,963
Interest expense	1,772	2,282	951
Provision for taxes	5,990	6,373	5,805
Net income	7,827	14,850	11,138
Identifiable assets	135,099	134,437	96,788
Depreciation & amortization	6,328	5,301	3,798
Capital expenditures	2,410	2,564	3,085

ESCALADE, INCORPORATED AND SUBSIDIARIES
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Each operating segment is individually managed and has separate financial results that are reviewed by the Company's chief operating decision-maker. Each segment contains closely related products that are unique to the particular segment. There were no changes to the composition of segments in 2004. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. The sporting goods segment consists of home entertainment products such as pool tables and accessories; table tennis tables and accessories; soccer and hockey tables; archery equipment and accessories; basketball goals; and fitness, arcade and darting products. Customers include retailers and wholesalers located throughout the United States and Europe.

The office product segment consists of office machinery used in the office and graphic arts environment. Products include data shredders; folding machines; and paper trimmers and cutters. Customers include large office product retailers, office machine dealers, and office supply catalogs.

The All Other segment consists of general and administrative expenses not specifically related to the operating business segments and includes investment income from equity investments.

Interest expense is allocated to operating segments based on working capital usage and the provision for taxes is allocated based on the statutory rate of 36% adjusted for actual taxes on foreign income. Permanent tax adjustments and timing differences are included in the All Other segment.

Identifiable assets are principally those assets used in each segment. The assets in the All Other segment are principally cash and cash equivalents; deferred tax assets; marketable equity securities; investments; and the cash surrender value of life insurance.

The company has one customer in the sporting goods segment who accounted for 27%, 24% and 38% of consolidated total revenues in 2004, 2003 and 2002, respectively. No other customers accounted for 10% or more of consolidated revenues. Within the sporting goods segment this customer accounted for 42%, 38% and 47% of total revenues. During 2004 two significant customers merged and became one customer who in 2004 totaled 10% of total Sporting Goods revenues.

As of December 25, 2004, approximately 157 employees of the Company's labor force were covered by a collective bargaining agreement that expires in April 27, 2006. Management acknowledges that differences between Company offers and union demands during negotiations can occur, but has no reason to expect such differences to result in protracted conflicts.

Raw materials for Escalade's various product lines consist of wood, particleboard, slate, standard grades of steel, steel tubing, plastic, vinyl, steel cables, fiberglass and packaging. Escalade relies upon suppliers in Europe and Brazil for its requirement of billiard balls and slate utilized in the production of home pool tables and upon various Asian manufacturers for certain of its table tennis needs and other items. Escalade sources some of its game table product line in China.

Revenues by geographic region/country were as follows:

In Thousands	2004	2003	2002
-----	-----	-----	-----
North America	\$ 179,828	\$ 182,416	\$ 150,224
Europe	40,597	28,012	--
Other	284	5,840	--
	-----	-----	-----
	\$ 220,709	\$ 216,268	\$ 150,224
	=====	=====	=====

Revenues are attributed to country based on location of customer and are for continuing operations.

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Identified assets by geographic region/country were as follows:

In Thousands -----	2004 -----	2003 -----
North America	\$ 101,552	\$ 101,442
Europe	33,547	32,995
	-----	-----
	\$ 135,099	\$ 134,437
	=====	=====

Note 14 -- Commitments and Contingencies

At December 25, 2004, the Company had standby letters of credit issued by a bank in the amount of \$500,000.

Additionally, the Company has obtained a letter of credit for the benefit of a certain mortgage holder. At December 25, 2004, the balance of the letter of credit was \$2,733,750. It is to be used in the event of a default in either interest or principal payments.

The Company is involved in litigation arising in the normal course of its business. The Company does not believe that the disposition or ultimate resolution of existing claims or lawsuits will have a material adverse effect on the business or financial condition of the Company.

The Company has entered into various agreements whereby it is required to make royalty payments. At December 25, 2004, the Company had estimated minimum royalty payments for each of the following five years as follows:

In Thousands -----	Amount -----
2005	\$ 350
2006	350
2007	350
2008	350
Thereafter	100

	\$ 1,500
	=====

Note 15 -- Fourth Quarter Charges

During the fourth quarter of 2004, the Company recorded the following significant unusual charges related to the office product business segment:

In Thousands -----	
Inventory write-down in North America	\$ 1,320
Inventory write-down in Europe	864
Estimated settlement and legal costs associated with 2003 acquisition of Schleicher & Co. International AG	275
Estimated settlement and legal costs associated with employment issues in Europe	353
Restructuring costs	954
Investment and asset write-down associated with joint ventures	1,402

	\$ 5,168
	=====

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The inventory write-downs relate to product not manufactured by the Company for which market demand has declined significantly.

Restructuring costs recorded in the fourth quarter relate to involuntary

severance costs of \$694 thousand related to restructuring efforts in Europe and the facility consolidation of the operation located in Mexico. In addition, the estimated costs of closing the Mexico facility were increased by \$260 thousand.

An evaluation of the investments in China and Brazil resulted in a determination that the carrying value of these investments exceeded the fair value. Accordingly, the Company adjusted the carrying-values to reflect this impairment.

Note 16 -- Summary of Quarterly Results

In thousands, except per share data (unaudited)	March 20 -----	July 10 -----	October 2 -----	December 25 -----
2004				
Net sales	\$ 34,060	\$ 53,143	\$ 75,918	\$ 57,588
Operating income	1,492	3,303	6,807	3,968
Net income	598	1,953	4,330	946
Basic earnings per share	\$ 0.04	\$ 0.15	\$ 0.33	\$ 0.07
2003				
Net sales	\$ 28,538	\$ 48,714	\$ 71,675	\$ 67,341
Operating income	512	4,288	8,488	7,708
Net income	7	2,254	6,125	6,464
Basic earnings per share	\$ 0.00	\$ 0.17	\$ 0.48	\$ 0.50

Note 17 -- Acquisitions

All of the Company's acquisitions have been accounted for using the purchase method of accounting.

2004

On October 25, 2004, Escalade Sports acquired substantially all of the assets of Lemont Industries, Inc., a manufacturer of tractor wheel weights. The total purchase price was \$632 thousand in cash. The assets acquired included machinery, tooling, inventory and a non-compete agreement. The manufacturing process utilizes the same blow-molding technology currently employed by the Company in the production of vinyl weight sets and will increase the productivity of that product group through higher production levels.

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2003

On December 30, 2002 the Company increased its ownership interest to 51.2% of the outstanding shares of Schleicher & Co. International, AG ("Schleicher"), a manufacturer and distributor of data shredding equipment headquartered in Germany and publicly traded on the German Stock Exchange. Escalade then initiated and successfully completed in April 2003, a tender offer for all the remaining shares culminating in 100% ownership. The acquisition of Schleicher increases the Company's product offering in the office product industry and expands the Company's presence into Europe.

The value assigned to the Schleicher acquisition is the sum of the per share amount paid to shareholders and amounts expended that directly relate to the tender offer agreement. The per share price was based on the market price of the Schleicher shares on the German stock exchange and valuation studies ordered by the German securities regulators. The total price paid exceeded the fair market value of Schleicher's net assets, resulting in goodwill of \$4,566 thousand. No portion of the recorded goodwill is deductible for income tax purposes.

The estimated fair values of the assets acquired and liabilities assumed as of December 30, 2002 are as follows:

In thousands -----	Amount -----
Current assets (net of cash acquired)	\$ 21,211

Property, plant and equipment	5,679
Other assets	2,043
Goodwill	4,566
Investments	262

Total assets acquired	33,761
Current liabilities	(20,856)
Long-term debt	(424)

Total liabilities assumed	(21,280)

Net assets acquired	\$ 12,481
	=====

In June 2003 the company acquired substantially all of the assets of North American Archery Group, LLC (NAAG), a manufacturer and distributor of archery equipment and accessories located in Gainesville, Florida. NAAG had been operating under bankruptcy court protection since April 2002. This acquisition increased the Company's distribution network for archery products, provided access to significant brand names such as Fred Bear(R) and added archery production capability.

The estimated fair values of the assets acquired and liabilities assumed as of June 19, 2003 are as follows:

In thousands	Amount
-----	-----
Current assets (net of cash acquired)	\$ 7,427
Property, plant and equipment	3,500
Other assets	484

Total assets acquired	11,411
Current liabilities	(1,556)

Net assets acquired	\$ 9,855
	=====

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ESCALADE, INCORPORATED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The results of operations from the NAAG acquisition have been included in the consolidated operating results for 2003 subsequent to the date of acquisition.

The following unaudited pro forma financial information presents results as if the two acquisitions described above had occurred at the beginning of the respective periods:

Unaudited; in thousands except per share amounts	2003	2002
-----	-----	-----
Net revenue	\$ 225,211	\$ 211,724
Net income	13,829	15,435
Earnings per share - basic	1.07	1.19
Earnings per share - diluted	\$ 1.05	\$ 1.15

These pro forma results have been prepared for comparative purposes only and include certain adjustments such as additional depreciation and amortization expenses as a result of identifiable tangible and intangible assets arising from the acquisition. The pro forma results are not necessarily indicative either of the results of operations that actually would have resulted had the acquisition been in effect at the beginning the respective periods or of future results.

2002

On January 25, 2002, Escalade acquired substantially all of the assets relating to The Step(R) product line from Bollinger Industries for cash. The Step(R) is America's original aerobic step fitness system and is widely used by individuals and at over 18,000 health clubs. The purchase price was \$4,840,000. The assets acquired include \$120,000 of equipment and \$4,720,000 of patents. The patents are being amortized over an 8-year period.

On March 26, 2002, Escalade Sports acquired substantially all of the assets of Steve Mizerak, Inc. The acquisition includes an exclusive line of billiard equipment and intellectual property. The cost of the purchase was \$1,229,000. The assets acquired include inventory of \$129,000, trademarks of \$1,085,000 and equipment of \$15,000.

On May 28, 2002, Escalade Sports acquired certain assets and assumed certain liabilities related to the manufacture and distribution of Murrey's exclusive line of premium indoor and outdoor billiard and soccer tables marketed under the Murrey brand name. The cost of the purchase was \$2,489,000. The assets acquired included inventory of \$1.2 million, machinery of \$837,000, non-compete agreement of \$400,000, other assets of \$127,000 and assumed liabilities of \$75,000. The non-compete agreement is being amortized over a 5-year period.

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ESCALADE, INCORPORATED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 18 -- Other Comprehensive Income

The components of other comprehensive income and related tax effects were as follows:

In Thousands	2004	2003	2002
Change in net unrealized value of available-from-sale investments net of tax of \$68, \$69, and \$(99), in 2004, 2003 and 2002, respectively	\$ 102	\$ 103	\$ (149)
Change in foreign currency translation adjustment	1,770	2,853	--
Change in unrealized loss on interest rate swap agreement net of \$(370) in tax	434	(685)	--
	<u>\$ 2,306</u>	<u>\$ 2,271</u>	<u>\$ (149)</u>

The components of accumulated other comprehensive income, net of tax, were as follows:

In Thousands	2004	2003	2002
Accumulated gain (loss) on available for sale investments	\$ 181	\$ 79	\$ (24)
Foreign currency translation adjustment	4,623	2,853	--
Unrealized loss on interest rate swap agreement	(251)	(685)	--
	<u>\$ 4,553</u>	<u>\$ 2,247</u>	<u>\$ (24)</u>

Note 19 -- Subsequent Event

On February 22, 2005, The Company announced the payment of an annual dividend of \$0.15 per share to all shareholders of record on March 11, 2005, payable on March 18, 2005.

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[GRAPHIC OMITTED]

BKD LLP

Report of Independent Registered Public Accounting Firm on
Financial Statement Schedules

Audit Committee, Board of Directors and Stockholders
Escalade, Incorporated
Wabash, Indiana

In connection with our audit of the consolidated financial statements of Escalade, Incorporated for each of the three years in the period ended December 25, 2004; we have also audited the following financial statement schedule. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits of the basic consolidated financial statements. The schedule

is presented for purposes of complying with the Security and Exchange Commission's rules and regulations and are not a required part of the consolidated financial statements. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

/s/ BKD LLP

 BKD, LLP
 Evansville, Indiana
 February 3, 2005

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ESCALADE, INCORPORATED AND SUBSIDIARIES

Schedule II - Valuation and Qualifying Accounts

(All Amounts in Thousands)

Col. A	Col. B	Col. C		Col. D	Col. E
Description	Balance at Beginning of Period	Additions		Deductions - Describe (2)	Balance at End of Period
		Charged to Costs and Expenses	Charged to Other Accounts - Describe (3)		
Allowance for doubtful accounts and discounts (1)					
Fiscal year ended December 25, 2004	\$ 1,991	\$ 1,523	\$ --	\$ 1,004	\$ 2,510
Fiscal year ended December 27, 2003	550	374	1,822	755	1,991
Fiscal year ended December 28, 2002	514	101	--	65	550
Product warranty reserves					
Fiscal year ended December 25, 2004	1,634	1,294	--	1,630	1,298
Fiscal year ended December 27, 2003	1,324	1,402	45	1,137	1,634
Fiscal year ended December 28, 2002	1,307	1,227	--	1,209	1,324
Customer allowance reserves					
Fiscal year ended December 25, 2004	7,242	13,681	--	12,155	8,769
Fiscal year ended December 27, 2003	7,059	11,708	309	11,834	7,242
Fiscal year ended December 28, 2002	7,174	12,816	--	12,931	7,059
Inventory valuation reserves					
Fiscal year ended December 25, 2004	5,465	2,809	--	2,052	6,223
Fiscal year ended December 27, 2003	1,182	2,574	2,955	1,246	5,465
Fiscal year ended December 28, 2002	1,120	685	--	622	1,182

- (1) Deducted from related assets
 (2) Accounts charged off, less recoveries
 (3) Amounts acquired through acquisitions

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Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ESCALADE, INCORPORATED

By: /s/ C.W. BILL REED

March 9, 2005

 C.W. "Bill" Reed
 President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ ROBERT E. GRIFFIN

Chairman and Director

March 9, 2005

 Robert E. Griffin

/s/ C.W. "BILL" REED

Chief Executive Officer

March 9, 2005

----- C.W. Reed	and Director (Principal Executive Officer)	
/s/ BLAINE E. MATTHEWS, JR. ----- Blaine E. Matthews, Jr.	Director	March 9, 2005
/s/ KEITH P. WILLIAMS ----- Keith P. Williams	Director	March 9, 2005
/s/ EDWARD E. WILLIAMS ----- Edward E. Williams	Director	March 9, 2005
/s/ RICHARD D. WHITE ----- Richard D. White	Director	March 9, 2005
/s/ GEORGE SAVITSKY ----- George Savitsky	Director	March 9, 2005
/s/ TERRY FRANSDEN ----- Terry Frandsen	Chief Financial Officer, Secretary and Treasurer (Principal Financial and Accounting Officer)	March 9, 2005

1997 Director Stock Compensation and Option Plan Certificate

ESCALADE, INCORPORATED

Non-Qualified Stock Option

Escalade, Incorporated, an Indiana Corporation with its principal place of business in Evansville, Indiana, hereby grants to the Director named below an option to purchase, in accordance with and subject to the terms and restrictions of the Escalade, Incorporated 1997 Director Stock Compensation and Option Plan, the number of shares of the Common Stock of Escalade, Incorporated at the price set forth herein as follows:

Director _____

Number of Shares on which Option is Granted: _____

Option Price per Share: \$ _____

Date of Grant: _____

Expiration Date: _____

This option is exercisable 100% after _____, and until expiration.

Participation in this Plan is open to all members of the Board of Directors of the Company, whether or not they are salaried officers or employees of the company or any subsidiary. The option shall be subject to the terms and conditions of Article (5) of the plan.

This Plan is intended to be self-governing and requires no discretionary action by any administrative body with respect to any transaction under the Plan. All grants of options to directors under the Plan shall be automatic and non-discretionary and shall be made strictly in accordance with the terms of the Plan. To the extent, if any, that questions of administration arise, they shall be resolved by the entire Board of Directors.

The Company shall be entitled to withhold the amount of any tax attributable to any shares deliverable under the Plan after giving the person entitled to receive such delivery notice as far in advance as practicable and the Company may defer making delivery, if any such tax is payable, until indemnified to its satisfaction.

The Board of Directors may suspend or terminate the Plan at any time and may amend it from time to time in such respects as the Board of Directors may deem advisable in order that any grants thereunder shall conform to, or otherwise reflect, any change in applicable laws or regulations; or to permit the Company or its directors to enjoy the benefits of any change in applicable laws or regulations; provided, however, that no amendment shall be made without Share Owner approval, which increases the number of shares reserved for issuance hereunder. No such amendment, suspension or termination shall impair the rights of directors under any outstanding options.

ESCALADE, INCORPORATED

/s/ C. W. (BILL) REED

C. W. (Bill) Reed, President, CEO

1997 Incentive Stock Option Plan Certificate

ESCALADE, INCORPORATED
Incentive Stock Option

Escalade, Incorporated, an Indiana Corporation with its principal place of business in Evansville, Indiana, hereby grants to the option grantee named below an option to purchase, in accordance with, and subject to the terms and restrictions of the Escalade, Incorporated 1997 Incentive Stock Option Plan and of this option, the number of shares of the Common Stock of Escalade, Incorporated at the price set forth herein as follows:

Option grantee _____

Number of Shares on which Option
is Granted _____

Option Price per Share \$ _____

Date of Grant _____

Expiration of Option _____

Once vested, exercise rights remain in effect until the sooner of the expiration date or 90 days following termination of employment.

This option shall be personal to the option grantee, and shall be non-assignable and non-transferable otherwise than by will and by the law of descent and distribution. In case of termination of employment, see Article (9) of the plan.

If the issue or transfer of the stock covered by this option may in the opinion of Escalade, Incorporated conflict or be inconsistent with any applicable Federal or State Securities law or regulation, the Company reserves the right to refuse to transfer said stock until such conflict or inconsistency is resolved.

ESCALADE, INCORPORATED
By The Stock Option Committee

I hereby accept the above option to purchase shares of the Common Stock of Escalade, Incorporated in accordance with and subject to the terms and restrictions of the Escalade, Incorporated 1997 Incentive Stock Option Plan, with which I am familiar, and agree to be bound thereby and by the actions of the Stock Option Committee and of the Board of Directors. I also agree that this option and the Escalade, Incorporated 1997 Incentive Stock Option Plan constitute an agreement with Escalade, Incorporated and its subsidiaries in accordance with the terms and provisions thereof. I agree to surrender this option to the Treasurer of Escalade, Incorporated for cancellation or for appropriate notation hereon upon exercise of this option in whole or in part, or upon the happening of any other event which makes this option not exercisable according to its terms.

Acceptance Date:

Signature:

Exhibit 10.28

Escalade, Incorporated
Schedule of Director Compensation

Each director of Escalade, Incorporated currently receives an annual cash retainer of \$6,000, with the exception of the Chairman of the Board who receives an annual cash retainer of \$22,000. The Chairman of the Audit Committee receives an additional fee of \$2,000 and the Chairman of the Compensation Committee receives an additional fee of \$1,000, in consideration of the extra services required by each of them, respectively, as the chairman of such committees. In addition, all directors receive \$3,000 for each meeting attended and are reimbursed for their expenses in attending the meetings. Directors who are employees of the Company receive the same retainer and fees as directors who are not employees.

In accordance with the Company's 1997 Director Stock Compensation and Option Plan which was approved by the Company's shareholders, directors may elect to defer their director compensation and receive shares of the Company's common stock instead. Each director who elects to receive shares also is granted stock options in an amount equal to one half of the shares issued. The exercise price of those options is based on the closing share price on the first business day following the Company's annual meeting of shareholders.

Escalade, Incorporated
Schedule of Executive Officer Compensation

The compensation for the executive officers of Escalade, Incorporated consists primarily of base salary, incentive profit sharing bonuses and stock option grants.

Base Salary

In general, base salaries are set at the beginning of each year based upon the Company's income level generated in the prior year, any changes in level of responsibility and the subjective individual performance review conducted by the Company's Compensation Committee. The 2005 base salary for Mr. Reed, the Company's Chief Executive Officer, is \$244,000 and for Mr. Frandsen, the Company's Chief Financial Officer, is \$150,000.

Bonuses

Each of the Company's subsidiaries has an incentive profit sharing plan where bonuses are primarily based upon the subsidiary's earnings before interest, taxes and amortization (EBITA) return on equity and EBITA return on assets. The Company's Compensation Committee establishes target levels for each of these components for each subsidiary, based upon suggested levels provided by management. If the target level is met or exceeded, a bonus pool is established for payment to the subsidiary's employees and an additional 20% is payable to the Company. The Company in turn distributes such incentive compensation to the Company's executive officers based upon a predetermined percentage.

Stock Options

Executive officers of the Company are also eligible to receive grants of stock options pursuant to the Company's 1997 Incentive Stock Option Plan, which was approved by the Company's shareholders. The Company's Compensation Committee makes annual discretionary awards of stock options after consideration of the performance of both the individual and the Company.

Additional Benefits

The Company's executive officers are also eligible to participate in the Company's deferred compensation plan, and earn interest annually on amounts deferred under that plan. Executive officers also receive Company contributions to their 401(k) retirement plan and the Company pays group term life insurance benefits on their behalf.

Exhibit 21

ESCALADE, INCORPORATED AND SUBSIDIARIES

List of Subsidiaries at December 25, 2004

	State of Other Jurisdiction of Incorporation -----	Percent of Voting Securities Owned by Parent -----
Parent		
Escalade, Incorporated	Indiana	
Subsidiaries		
Indian Industries, Inc. (1)	Indiana	100%
U.S. Weight, Inc. (1)	Illinois	100%
Harvard Sports, Inc. (1)	California	100%
Harvard California, S. DE R.L. C.V. (1)	B.C. Mexico	100%
Bear Archery, Inc. (1)	Florida	100%
Martin Yale Industries, Inc. (1)	Indiana	100%
Productos Maestros de Oficiina, S.A. DE C.V. (1)	B.C. Mexico	100%
Schleicher & Co. America (1)	North Carolina	100%
Martin Yale International, GmbH (1)	Germany	100%
Olympia Business Systems (1)	North Carolina	100%
Martin Yale International SARL (1)	France	100%
Martin Yale International Ltd (1)	England	100%
Taros Trading, GmbH (1)	Germany	100%
Indian-Martin, Inc. (1)	Nevada	100%
EIM Company, Inc. (1)	Nevada	100%
SOP Services, Inc. (1)	Nevada	100%

(1) Each subsidiary company so designated has been included in Consolidated Financial Statements for all periods following its acquisition. See Notes to Consolidated Financial Statements.

Exhibit 23.1

Independent Registered Public Accounting Firm Consent

We consent to the incorporation by reference in Registration Statement Nos. 33-16279, 333- 52475 and 333-52477 of Escalade, Incorporated (Company) on Form S-8 of our report dated February 18, 2005 on the consolidated financial statements of the Company appearing in the Company's Annual Report on Form 10-K for the year ended December 25, 2004.

/s/ BKD, LLP

BKD, LLP
Evansville, Indiana
March 4, 2005

Exhibit 23.2

Independent Registered Public Accounting Firm Consent

We consent to the incorporation by reference in Registration Statement Nos. 33-16279, 333-52475 and 333-52477 of Escalade, Incorporated (Company) on Form S-8 of our report dated February 18, 2005 on the consolidated financial statements of Martin Yale International GmbH appearing in the Company's Annual Report on Form 10-K for the year ended December 25, 2004.

/s/ FALK & Co GmbH

FALK & Co GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft
Heidelberg/Germany,
March 4, 2005

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, C.W. (Bill) Reed, certify that:

1. I have reviewed this annual report on Form 10-K of Escalade, Incorporated;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 9, 2005

/s/ C.W. BILL REED

C.W. (Bill) Reed
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Terry Frandsen, certify that:

1. I have reviewed this annual report on Form 10-K of Escalade, Incorporated;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15-15(f)) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 9, 2005

/s/ TERRY FRANDSEN

Terry Frandsen
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Escalade, Incorporated (the "Company") on Form 10-K for the period ending December 25, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, C. W. (Bill) Reed, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ C. W. (BILL) REED

C. W. (Bill) Reed
Chief Executive Officer
March 9, 2005

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Escalade, Incorporated (the "Company") on Form 10-K for the period ending December 25, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Terry D. Frandsen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ TERRY FRANDSEN

Terry D. Frandsen
Chief Financial Officer
March 9, 2005